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SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

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SENATE

S. No. <u>1763</u>

(In Substitution of Senate Bill Nos. 171, 1644 and House Bill No. 6557)

Prepared by the Committee on Science and Technology joint with the Committee on Public Services with Senators Aquino IV and Gatchalian, as authors thereof.

AN ACT

PROMOTING OPEN ACCESS IN DATA TRANSMISSION, PROVIDING ADDITIONAL POWERS TO THE NATIONAL TELECOMMUNICATIONS COMMISSION, AND FOR OTHER PURPOSES

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

1 **CHAPTER I** 2 INTRODUCTORY PROVISIONS 3 Section 1. Short Title. — This Act shall be known as the "Open Access in Data Transmission Act." 4 5 Sec. 2. Declaration of Policy. — It is the policy of the State to narrow the 6 digital divide in the country by encouraging the development of data transmission 7 infrastructure and removing any barrier to competition in data transmission services. Moreover, the State shall implement measures to require data transmission service 8 9 providers to adhere to telecommunications standards suitable to the needs and 10 aspirations of the nation and ensure that internet users enjoy the best quality of data transmission service. The State shall: 11 12 a. promote the construction and development of reliable, affordable, open

and accessible data networks that transmit information at speed and quality comparable

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to the best in the world;

- b. create an entrepreneurial ecosystem where persons who wish to engage
 in the data transmission industry can compete openly and freely in the spirit of fair
 competition and permission-less innovation;
- c. encourage investment in the digital infrastructure of the country;
- d. adopt and ensure open access in the regulation of the data transmission industry;
- e. protect the public interest as it is affected by its ability to access data networks;
- 9 f. establish a strong and independent regulatory body and system to ensure 10 and enhance fair competition in the data transmission industry; and

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- g. protect and promote the internet as an open platform enabling consumer choice, freedom of expression, end-user control, competition and the freedom to innovate without permission, and thereby encouraging the development of advanced telecommunications capabilities and the removal of barriers to infrastructure investment.
- Sec. 3. *Definition of Terms.* As used in this Act, the following terms shall mean:
- a. Basic telephone service refers to the local exchange telephone service for residence and business establishments provided via the circuit switched telephone network;
 - b. Cellular Mobile Telephone Service (CMTS) refers to the wide area mobile radio telephone system with its own switch, base stations and transmission facilities capable of providing high-capacity mobile telecommunications by utilizing radio frequencies;
- 25 c. Content refers to, among others, texts, images, audios, videos, and
 26 animations that are carried over the broadband or internet network;
- d. Core/Backbone Network refers to the main line or connection including international connection that ties networks, delivers routes to exchange information among various sub-networks, connects regional distribution networks, and in some instances, provides connectivity to other peer networks;

- e. Data Transmission refers to the process of sending digital or digitized analog signal over a communication medium to one or more computing networks, communication or electronic device. It enables the transfer and communication of devices in a point-to-point, point-to-multipoint and multipoint-to-multipoint environment. The term data transmission includes the provision of Voice over Internet Protocol (VoIP) services but does not include the provision of Basic Telephone Services;
 - f. Data Transmission Industry Participant refers to any person, firm, partnership or corporation, government or private, engaged in the provision of data transmission services to the public. This includes public telecommunications entities (PTEs) that offer data transmission services as defined under Republic Act No. 7925, otherwise known as the Public Telecommunications Policy Act of the Philippines,
- g. International Gateway/Landing refers to a segment of data transmission
 that consists of any facility that provides an interface to send and receive data traffic
 between one country's domestic network facilities and those in another country;
- 15 h. Last Mile refers to the segment of data transmission network that
 16 connects end-users;
- i. Middle Mile refers to the segment of data transmission network that links
 the last mile network to the core/backbone network;
- j. Open Access refers to the system of allowing the use of data transmission
 and/or distribution systems and associated facilities subject to fair, reasonable, and
 non-discriminatory terms in a transparent market;
 - k. Paid Prioritization refers to the management of a data transmission network to directly or indirectly favor some traffic over other traffic, through the use of techniques such as, traffic shaping, prioritization, resource reservation, zero-rating, or other forms of preferential traffic management, either:
- 1. in exchange for consideration, monetary or otherwise, from a third party, or
- to benefit an affiliated entity;
- 29 *m. Voice over Internet Protocol (VoIP) Service* refers to the provision of voice 30 communication using Internet Protocol (IP) technology.

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ORGANIZATION AND OPERATION OF THE DATA TRANSMISSION INDUSTRY.

Sec. 4. *Scope.* — This Act applies to all duly qualified persons who participate in the data transmission industry subject to domestic regulations and existing laws. For this purpose, any person or entity whose business deals substantially with the transmission of data, including VoIP service provider, Internet Service Providers (ISPs), and Data Center service providers, shall be governed by the provisions of this Act. PTEs principally engaged in the provision of basic telephone services, such as international carrier, inter-exchange carrier, local exchange operator, and mobile radio services provider, as these entities are defined in Republic Act No. 7925, which also provide data transmission services, shall likewise be subject to the provisions of this Act with respect to the data transmission services they provide and interconnection to their networks that they extend to data transmission industry participants.

- **Sec. 5. Segments.** The data transmission industry shall be divided into four segments:
- a. International Gateway/Landing;
- b. Core/Backbone Network;
- c. Middle Mile; and
- d. Last Mile.

All four (4) segments shall be competitive and open. Notwithstanding the provisions of this Act or any other law, data transmission industry participants in any of the four (4) segments shall not be required to secure a Certificate of Public Convenience and Necessity (CPCN) or Provisional Authority (PA) from the National Telecommunications Commission (NTC), or a congressional franchise, to construct, install, and operate networks and facilities for the data transmission services they provide. Neither shall they be required to secure a CPCN or a PA from the NTC for the data transmission services they provide to the general public. ISPs and value-added service (VAS) providers that offer data services only shall be allowed to build and operate their own network. Notwithstanding the provisions of this Act or any other law, no congressional franchise or PA from the NTC shall be required for the acquisition and operation of a satellite or the sale or lease of satellite capacity within the Philippines. Participants in the data transmission industry shall, without need of congressional franchise or PA from the NTC, have direct access to any satellite with a Philippine

- 1 footprint. Participants in the data transmission industry shall, however, be required to
- 2 register with the NTC stating the segment they are participating in and provide the NTC
- 3 with their schedule of rates.

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4 CHAPTER III

REGULATION OF THE DATA TRANSMISSION INDUSTRY

- Sec. 6. Open Access Approach to Regulation of the Data Transmission

 Industry. The NTC shall adopt and ensure that the data transmission industry remains open and accessible to all qualified participants. Specifically, the NTC shall:
- a. implement an efficient and speedy administrative process in the authorization and registration of data transmission sector participants;
- b. adopt a technology-neutral framework that allows data transmission industry participants to use any available technology to provide service;
- c. promote fair and open competition in all the segments of the data transmission network, allowing a wide variety of physical networks and applications to interact in an open architecture;
- d. mandate transparency in pricing and the publication of pricing information to ensure fair trading within and between each data transmission segment so as to allow clear, comparative information on market prices and services;
- e. mandate interconnection so that data transmission industry participants can connect to each other at the various segments and interfaces, such that, entities of any size may freely enter and exit the market, and dominance by any single player or group of players is avoided;
- f. promulgate policies that will encourage distributed local solutions rather than centralized ones, encouraging services that are closer to the user;
- g. publish the list of registered data transmission industry participants at least once a year;
- h. promulgate, together with the PCC, rules defining and regulating entities with substantial market power; and

 i. publish a spectrum management framework to be developed together with the Department of Information and Communications Technology (DICT) and the PCC.

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- **Sec. 7.** Spectrum Allocation and Assignment. The NTC shall maximize the allocation and assignment of finite radio spectrum resources used in the transmission of data by ensuring that spectrum is made available for the use of all registered data transmission industry participants. To this end:
- the procedure for radio spectrum allocation, re-allocation, assignment, rea. assignment, re-classification, joint use or co-use, and recall shall be made transparent to the public. All applications, including letter-requests, allocation, re-allocation, assignment, re-assignment, re-classification, joint use or co-use, and recall shall be posted in the NTC's website and in a conspicuous place in the offices of the NTC for at least three (3) consecutive months. The notice shall specifically indicate the names of the applicants for spectrum allocation, re-allocation, assignment, re-assignment, reclassification, joint use or co-use, and recall including where the NTC itself is the proponent of any such action, the affected spectrum, and the applicant's or NTC's reasons for the proposed spectrum allocation, re-allocation, assignment, re-assignment, re-classification, joint use or co-use, and recall. The NTC shall not allocate, reallocate, assign, reassign, reclassify, allow joint use or co-use, or recall any radio frequency band or bands without conducting at least one (1) public hearing and allowing public comment for a period of fifteen (15) days from the date of the public hearing, prior to approval and/or disapproval of the same. This applies to all spectrum, whether used for data transmission or not;
- b. all radio spectrum, radio frequency allocation, re-allocation, assignment, re-assignment, re-classification, joint use or co-use, and recall decisions of the NTC shall be published in the NTC's website and in a conspicuous place in the offices of the NTC for at least three (3) consecutive months. The recall of frequency for purposes of free public use shall be given priority.
- The immediately preceding paragraphs (a) and (b) shall not apply to applications for frequency assignments for fixed point-to-point radio links, Wi-Fi and satellite networks;
- c. the NTC shall ensure that the allocation, re-allocation, assignment, re-assignment, re-classification, joint use or co-use, and recall of spectrum does not result in the concentration of spectrum resources which promote, establish, or perpetuate the

significant market power of PTEs or of only a limited number of participants. In instances where the resulting assignment of spectrum for mobile and point-to-multipoint networks will give an assignee or entities it controls, jointly or singly, or under common control, either by virtue of that request or in combination with other previous requests by that party or its affiliates, fifteen percent (15%) or above of assignable spectrum in the same band, the party requesting for an assignment of spectrum or a joint use of spectrum shall be required to serve notice to the Philippine Competition Commission (PCC) and secure a no-objection notice from the PCC. The PCC shall issue a no-objection notice within thirty (30) working-days upon its receipt of pertinent information necessary for the review and issuance of the notice: Provided, That PCC may once extend such period for an additional fifteen (15) working-days upon their notification of the NTC and the concerned party or parties to a spectrum allocation, re-allocation, assignment, re-assignment, re-classification, joint use or co-use, and recall. Any person or entity who believes that any one or more of the NTC's decisions for the assignment of radio spectrum, whether past or present, will promote the dominance of any entity and hinder competition may file a complaint before the PCC to determine the dominance of a data transmission industry participant and act on anti-competitive conduct in accordance with its mandate under Republic Act No. 10667, otherwise known as the Philippine Competition Act,

d. The NTC shall promptly act on applications of data transmission industry participants for permits to import equipment. Any application for permit to import equipment that is not acted on by the NTC within seven (7) days shall be deemed approved; and

e. If the NTC finds, on its own initiative or upon complaint, that any right, license or radio spectrum assignment to any data transmission industry participant or PTE is not being used, or is not being maximized by the user thereof, or that the grantee has violated the provisions of this Act, it may, *motu proprio* or upon petition by any person, subject to due process, recall the radio spectrum assignment of the data transmission industry participant or PTE. The NTC shall, where required and appropriate, make provisions for substitute frequency to address the needs of active users of the spectrum recalled from the data transmission industry participant or PTE.

Sec. 8. Setting Performance Standards. — The NTC shall:

a. mandate that, within one (1) year from the effectivity of this Act, all last mile providers shall provide a minimum download speed of two megabits per second (2

- 1 Mbps) or as mandated by the National Broadband Plan, whichever is higher, for mobile
- 2 broadband and for fixed and fixed wireless/broadband access;

- b. prescribe performance standards after public consultation and hearings
 within six (6) months from the effectivity of this Act;
 - c. upgrade performance standards imposed on the data transmission industry regularly to ensure that performance standards shall, at a minimum, be at par with service levels established in regional data network performance indices and aligned with international best practices. Such standards shall take into account speed, packet loss, jitter, and latency;
 - d. regularly review performance standards at least once a year and publish new performance standards at least thirty (30) days before they take effect. The publication of the results of the performance measurements shall be done in an open data format accessible to the general public;
 - e. any person, or the NTC itself may, *motu proprio*, file a petition to penalize any data transmission industry participant for failure to deliver service according to the NTC's published performance standard and to require rectification of such non-compliance; and
 - f. measure the performance of the data industry participants and publish the results of its measurements in its website.

Sec. 9. Arms-length Transactions and Transparency. — The NTC shall:

- a. publish and make available in print and online formats all aspects of spectrum use information, including the National Radio Frequency Allocation Table (NRFAT), indicating therein the purpose or use to which each frequency band is allocated, and, for frequency bands allocated for public use, the persons and/or entities to whom each particular frequency is assigned. The NRFAT and updated radio spectrum use information shall be made available on the NTC's website and to any person who requests the same, upon written request; and
- b. promulgate rules requiring all data transmission industry participants to file an annual report and include therein a fair and accurate statement regarding their market prices and their services. The annual report shall include all costs and charges relevant to the data transmission network segment where the participants operate. The rates shall be made available online, in print, and in any other viable venues to the

public. Any person can file a complaint pertaining to these rates within thirty (30) days of posting. Each player at each segment shall submit a copy of their rates to the NTC and the PCC. The rates will be published, including a historical record, in a consolidated manner. The data transmission industry participants are required to keep a publicly accessible archive of their rates.

Sec. 10. *Fair Competition.* — The PCC and the NTC shall ensure that the principles and policies enshrined under Republic Act No. 10667, are strictly adhered to in the data transmission industry. The PCC and NTC shall ensure that all industry players shall observe fair, reasonable and non-discriminatory treatment in all their dealings, and that barriers to entry are eliminated to make the industry highly competitive. To this end, the PCC and NTC shall foster and develop interagency cooperation mechanisms, including information-sharing tools, that will guide them in the performance of their respective mandates, and in the promotion of fair competition in the data transmission industry.

Sec. 11. *Technological Neutrality.* — The NTC shall promulgate the necessary rules and regulations to ensure that the provisions of this law apply, *mutatis mutandis*, to ensure that the provisions herein apply to future technologies in data transmission.

Sec. 12. Expedited Processing. — In all instances where a participant in the data transmission industry shall require a form, certificate, or request from any government agency or local government unit (LGU), there should be no more than two (2) public officers involved in processing the form, certificate, or request.

Processing fees and certifications required for the deployment of any segment of data transmission networks shall be limited to those identified by the DICT. The DICT shall coordinate with the concerned LGUs and national government agencies and conduct the necessary consultations with civil society organizations and other stakeholder groups, for the development of the implementing rules and policies to minimize the administrative burden of permitting and certification processes.

29 CHAPTER IV

PROHIBITED ACTS

Sec. 13. *Prohibited Acts.* — The following acts shall be prohibited:

a. Refusal to Plug and Play – Any data transmission industry participant, insofar as such person is so engaged, shall not refuse access to infrastructure to any other data transmission industry participant, except for failure to pay open market fees for the access to the service.

Data transmission industry participant shall not impede the end-user's right to access and distribute information and content, use and provide applications and services and use terminal equipment of their choice, regardless of the end-user's or provider's location or the location, origin or destination of the information, content, application or service, via their data transmission service. Agreements between data transmission providers of data services and end-users on commercial and technical conditions and the characteristics of data access services such as price, data volume or speed, and any commercial practices conducted by providers of internet access services, shall not limit the exercise of the rights of end-users laid down in the preceding paragraph.

- b. Paid Prioritization A data transmission industry participant, shall not engage in paid prioritization for monetary or other consideration except when allowed by the NTC after such participants demonstrates that the practice would provide significant public interest benefit and will not disadvantage content and applications that are not prioritized nor otherwise harm the open nature of the Internet.
- c. Throttling Data transmission industry participants shall treat all traffic equally when providing data access services without discrimination, restriction or interference, regardless of the sender and receiver, the content accessed or distributed, the applications or services used or provided, or the terminal equipment used.

It shall be prohibited for a data transmission industry participant to hinder or slow down services or applications or access to specific sites on the internet except where (a) access to such sites, services or applications are prohibited by law; (b) it is necessary to preserve the integrity and security of the provider and the equipment of the end-user; *Provided*, That if the breach of integrity or security is caused by the equipment of the end-user, the provider has to notify the end-user first and provide the end-user sufficient time to rectify the situation; or (c) it is necessary to block the transmission of unwanted communications to an end-user, on the application or complaint of the end-user or the data transmission industry participant, and upon lawful order of the court.

- d. Refusal to Give Information It shall be prohibited for any data transmission industry participant, including PTEs with regard to its network and facilities, to refuse or fail to make available, on a timely basis, to suppliers of data transmission services, technical information about its essential facilities or network facilities and commercially relevant information that are necessary for them to provide services.
- e. Anti-competitive Cross-subsidization The NTC shall require separate books of account between different data transmission segments in order to allow identification of costs and revenues for each segment. Any violation of this provision shall give rise to a presumption of anti-competitive cross-subsidization, which shall then be referred to the PCC for proper determination and action, in accordance with the provisions of Republic Act No. 10667. Nothing herein shall prevent interconnecting networks from charging the appropriate cost-based compensation for the use of interconnect facilities.

15 CHAPTER V

16 PENALTIES

- **Sec. 14.** *Administrative Penalties.* The NTC shall require data transmission industry participants and PTEs providing data transmission services to comply with the prescribed performance standards and shall impose penalties for failure to comply with such performance standards.
- a. Any data transmission industry participant that engages in the prohibited acts under Section 13 of this Act or fails to comply with the obligations under Section 8 of this Act shall suffer a minimum penalty of a fine of not less than Three Hundred Thousand Pesos (Php 300,000.00) but not more than Five Million Pesos (Php 5,000,000.00) for every day that the violation continues until the participant fully complies: *Provided*, That, if the data transmission industry participant has a gross annual income not exceeding Ten Million Pesos, (10,000,000.00), the penalty that may be imposed shall be equivalent to one percent (1%) to two percent (2%) of its gross annual income. In cases of anti-competitive cross-subsidization, which is prohibited under Section 13 (e) of this Act, the imposable penalties are those provided for under Republic Act No. 10667. The NTC is hereby authorized and empowered to impose such fine, after due notice and hearing.

- b. An entity who fails to substantially comply with the NTC's performance standards for three (3) consecutive years shall, subject to due process, be removed from the registry of registered data transmission industry participants and shall be prohibited from rendering data transmission services.
 - c. A data transmission industry participant violating any provision of this Act shall forfeit all certificates, licenses, authorizations, rights, and awards issued to it in relation to its participation in the data transmission industry.
- d. Any other violations of this Act shall be sanctioned with a fine of not less than Fifty Thousand Pesos (Php 50,000.00) and but not more than Two Million Pesos (Php 2,000,000.00).
 - **Sec. 15.** *Adjustment for Inflation.* The fines imposed under this Act shall be adjusted by the NTC, year-on-year, considering the prevailing cost of money based on the current consumer price index, and subject to publication of such adjustments.

14 CHAPTER VI

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RIGHTS OF DATA TRANSMISSION SERVICE USERS AND RESPONSIBILITIES OF DATA TRANSMISSION SERVICE PROVIDERS

- **Sec. 16.** *Rights of End-Users.* The user of data transmission services shall have the following basic rights:
- a. entitlement of data transmission service which is non-discriminatory, reliable, and conforming with minimum standards as provided by the appropriate national government agencies;
- 22 b. to be given data transmission services within two (2) months from 23 application for service;
- c. regular, timely and accurate billing, courteous and efficient service at business offices and by company personnel;
- d. timely correction of errors in billing and the immediate provision of rebates or refunds by the data transmission service provider without the need for demand by the user; and
 - e. thorough and prompt investigation of, and action upon complaints. The data transmission service provider shall endeavor to allow complaints to be received by

any means convenient to the end-user, including voice calls, post, short messaging service (SMS), multi-media messages (MMS) and online communication, and shall keep a record of all complaints received and the action taken to address the complaints.

Subject to the filing of a formal request to the data service provider, a user may request the immediate termination of service without the imposition of fees or penalties, and with the refund of any fees or charges already paid by the user, should a data service provider not consistently comply with preceding paragraphs (a), (d), (e), or any other minimum performance standards set by the NTC.

9 CHAPTER VII

FINAL PROVISIONS

Sec. 17. Joint Congressional Oversight Committee on Open Access in Data Transmission. — There is hereby created a Joint Congressional Oversight Committee on Open Access in Data Transmission (JCOCOADT) which shall monitor and ensure the effective implementation of this Act. It shall determine weaknesses and loopholes in the law, recommend the necessary remedial legislation or administrative measures and perform such other duties and functions as may be necessary to attain the objectives of this Act.

The JCOCOADT shall be composed of five (5) members from the Senate and five (5) members from the House of Representatives in addition to the Chairperson of the Senate Committee on Science and Technology and the Chairperson of the House of Representatives Committee on Information and Communications Technology, who shall Chair the Oversight Committee in the order specified herein: *Provided*, That, two (2) members of each chambers' nominees shall come from the ranks of the minority party or bloc.

The Chairperson of the Senate Committee on Science and Technology and the Chairperson of the House of Representatives Committee on Information and Communications Technology shall act as co-Chairpersons of the JCOCOADT. The ranking minority members nominated by both the Senate and the House of Representatives shall act as Vice co-Chairpersons.

The Secretariat of the JCOCOADT shall come from the existing Secretariat personnel of the Senate Committee on Science and Technology and the House of

- Representatives Committee on Information and Communications Technology. The JCOCOADT shall have its own independent counsel.
 - The JCOCOADT shall exist for the period not exceeding five (5) years from the effectivity of this Act. Thereafter, its oversight functions shall be exercised by the Senate Committee on Science and Technology and the House of Representatives Committee on Information and Communications Technology, acting separately.
 - **Sec. 18.** *Implementing Rules and Regulations.* Within sixty (60) days from the effectivity of this Act, the Department on Information and Communications Technology (DICT), in coordination with the National Telecommunications Commission (NTC) and the Philippine Competition Commission (PCC), and other relevant government agencies, shall promulgate the necessary rules and regulations for the effective implementation of this Act.
 - **Sec. 19.** *Separability Clause.* Should any provision herein be declared unconstitutional, the same shall not affect the validity of the other provisions of this Act.
 - **Sec. 20.** *Repealing Clause.* All laws, decrees, orders, rules, and regulations or other issuances or parts inconsistent with the provisions of this Act are hereby repealed or modified accordingly.
 - **Sec. 21.** *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation in the Philippines.
- 21 Approved,