

[REPUBLIC ACT NO. 10926, April 21, 2017]

AN ACT EXTENDING FOR TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO SMART COMMUNICATIONS, INC. (FORMERLY SMART INFORMATION TECHNOLOGIES, INC.), AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7294, ENTITLED " AN ACT GRANTING SMART INFORMATION TECHNOLOGIES, INC. (SMART) A FRANCHISE TO ESTABLISH, MAINTAIN, LEASE AND OPERATE INTEGRATED TELECOMMUNICATIONS/COMPUTER/ELECTRONIC SERVICES, AND STATIONS THROUGHOUT THE PHILIPPINES FOR PUBLIC DOMESTIC AND INTERNATIONAL TELECOMMUNICATIONS< 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. 7294 is hereby amended to read as follows:

"SECTION 1. *Nature and Scope of Franchise.*- Subject to the provisions of the Philippine Constitution and applicable laws, rules and regulations, the franchise granted to the Smart Communications, Inc. (SMART, formerly Smart information Technologies, Inc.), hereunder referred to as the grantee, its successors or assignees, to construct, establish, install, maintain, lease, purchase, operate and carry on the business of providing telecommunications or electronic communications services throughout the Philippines and between the Philippines and other countries and territories, including outer space, as public interest may warrant, for public domestic and international telecommunications is hereby extended for twenty-five (25) years from the effectivity of this Act. For this purpose, the grantee is hereby granted the right to construct, establish, install, maintain, lease, purchase and operate the corresponding transmitting and receiving stations, satellites, lines, systems, networks, international gateways, local exchanges, and platforms as it may consider necessary, convenient, or reasonable.

In this Act, the term 'telecommunications' shall include 'electronic communications'. In addition, the following terms shall have the meanings set forth therein;

" ' Electronic communications network' shall mean: (a) a transmission system for conveyance, by use of electrical, magnetic or electro-magnetic energy, of signals of any description; and (b) any of the following as are used, by the person providing the system and in association with it, for conveyance of the signals: (1) apparatus comprised in the system; (2)

apparatus used for the switching and routing of the signals; and 930 software and stored data.

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

SEC. 2. Section 4 of Republic Act No. 7294 is hereby amended to read as follows:

"SEC. 4. *Responsibility to the Public.*- The grantee shall conform to the ethics of honest enterprise and shall not use its stations for obscene or indecent transmissions, or for the dissemination of deliberately false information or willful misrepresentation, or assist in subversive or treasonable acts.

"The grantee shall improve and extend its services in areas not yet served, and in hazard- and typhoon-prone areas that shall be determined by the National Disaster Risk Reduction and Management Council in coordination with the National Telecommunications Commission (NTC).

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

SEC. 3. Section 7 of Republic Act No. 7294 is hereby amended to read as follows:

"SEC.7. *Term of Franchise.*-The franchise shall be extended and in effect for a period 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. 4. Section 8 of Republic Act No. 7294 is hereby amended to read as follows:

"SEC.8. *Acceptance and Compliance.*- Acceptance of this franchise shall be given in writing to the Congress of the Philippines, through the Committee on Legislative Franchise of the House of Representatives and the Committee on Public Services of the Senate, within sixty (60) days from the effectivity of this Act. Upon giving the acceptance, the grantee shall exercise the privileges granted under this Act. Refusal or failure to accept the franchise within the prescribed period shall render the franchise void."

SEC. 5. Section 9 of Republic Act No. 7294 is hereby amended to read as follows:

"SEC. 9. *Tax Provisions.*- The grantee, its successors or assignees, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or