

H. No. 5176

Republic of the Philippines
Congress of the Philippines
Metro Manila
Seventeenth Congress
Second Regular Session

Begun and held in Metro Manila, on Monday, the twenty-fourth day of July, two thousand seventeen.

[REPUBLIC ACT NO. 10974]

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO SARRAGA INTEGRATED AND MANAGEMENT CORPORATION UNDER REPUBLIC ACT NO. 7478, ENTITLED "AN ACT GRANTING THE SARRAGA INTEGRATED AND MANAGEMENT CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES, 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 Philippine Constitution and applicable laws, rules and regulations, the franchise granted to Sarraga

Integrated and Management Corporation, hereunder referred to as the grantee, its successors or assignees under Republic Act No. 7478, to construct, install, establish, operate, and maintain for commercial purposes and in the public interest, radio and/or television broadcasting stations in the Philippines, including digital television system, through microwave, satellite, terrestrial or whatever means, as well as the use of any new technologies in television and radio systems, with the corresponding auxiliaries and facilities, special broadcast and other program and distribution services and relay stations, and to install radio communication facilities for the grantee's private use in its broadcast services, is hereby renewed for another twenty-five (25) years from the effectivity of this Act.

SEC. 2. *Manner of Operation of Stations or Facilities.* -

The stations or facilities 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 existing stations or other stations which may be established by law, without in any way diminishing its own privilege to use its assigned wavelengths or frequencies and the quality of transmission or reception thereon as should maximize rendition of the grantee's services and/or the availability thereof.

SEC. 3. *Prior Approval of the National Telecommunications Commission.* - The grantee shall secure from the National Telecommunications Commission (NTC) 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 authorization from the NTC.

SEC. 4. *Responsibility to the Public.* - The grantee shall provide, free of charge, adequate public service time which is reasonable and sufficient to enable the government, through the broadcasting stations or facilities of the grantee, to reach the pertinent population/s or portions thereof on important public issues and relay important public announcements and warnings concerning public emergencies and calamities, as necessity, urgency or law may require; provide at all times sound and balanced programming; promote public participation; assist in the functions of public

information and education; conform to the ethics of honest enterprise; promote audience sensibility and empowerment through, but not limited to, closed captioning; and not use its stations or facilities for the broadcasting of obscene or indecent language, speech, act or scene; or for the dissemination of deliberately false information or willful misinterpretation, to the detriment of the public interest; or to incite, encourage or assist in subversive or treasonable acts.

Public service time referred herein shall be equivalent to a maximum aggregate of ten percent (10%) of the paid commercials or advertisements which shall be allocated based on need to the executive, legislative, judiciary, constitutional commissions and international humanitarian organizations duly recognized by statutes: *Provided*, That the NTC shall increase the public service time in case of extreme emergency or calamity. The NTC shall issue rules and regulations for this purpose, the effectivity of which shall commence upon applicability with other similarly situated broadcast network franchise holders.

SEC. 5. *Compliance with Labor Standards.* - The grantee, its successors or assignees shall comply with the applicable labor standards under existing labor laws, rules and regulations and such other issuances as may be promulgated by the Department of Labor and Employment, taking into consideration the nature and peculiarities of the broadcast industry.

SEC. 6. *Right of the Government.* - The radio spectrum is a finite resource that is part of the national patrimony and the use thereof is a privilege conferred upon the grantee by the State and may be withdrawn any time after due process.

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 these shall be so operated.

SEC. 7. *Term of Franchise.* - This franchise shall be in effect for a period of twenty-five (25) years from the effectivity of this Act, unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to operate continuously for two (2) years.

SEC. 8. *Acceptance and Compliance.* - Acceptance of this new franchise shall be given in writing to the Congress of the Philippines, through the Committee on Legislative Franchises 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 such acceptance, the grantee shall exercise the privileges granted under this Act. Nonacceptance shall render the franchise void.

SEC. 9. *Tax Provisions.* - The grantee, its successors or assignees shall continue to be subject to all applicable taxes, duties, fees, or charges and other impositions under Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended; Republic Act No. 7160, otherwise known as the Local Government Code of 1991, as amended, and other applicable laws.

SEC. 10. *Self-regulation by and Undertaking of the Grantee.* - The grantee shall not require any previous censorship of any speech, play, act or scene, or other matter to be broadcast from its stations but if any such speech, play, act or scene, or other matter should constitute a violation of the law or infringement of a private right, the grantee shall be free from any liability, civil or criminal, for such speech, play, act or scene, or other matter from its stations: *Provided*, That the grantee, during any broadcast and/or telecast shall not allow to be aired the speech, play, act or scene, or other matter being broadcast and/or telecast if the tendency thereof is to propose and/or incite treason, rebellion or sedition; or the language used therein

or the theme thereof is indecent or immoral: *Provided, further*, That willful failure to do so shall constitute a valid cause for the revocation and cancellation of this franchise.

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

SEC. 12. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.* - The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights 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 the controlling interest of the grantee be transferred, whether as a whole or in part, 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 failure to report to Congress such change of ownership shall render the franchise *ipso facto* revoked: *Provided, finally*, That any person or entity to which this franchise is sold, transferred or assigned, shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

SEC. 13. *Dispersal of Ownership.* - In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher percentage that may hereafter be provided by law of its outstanding capital stock in any securities exchange in the Philippines within five (5) years from the commencement of its operations: *Provided*, That in cases where public offer of shares is not applicable, the grantee shall apply other methods of encouraging public participation by citizens and corporations operating public utilities as allowed by law. Noncompliance therewith shall render the franchise *ipso facto* revoked.

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. 15. *Reportorial Requirement.* - The grantee shall submit an annual report to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of every year during the term of its franchise. The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the NTC.

SEC. 16. *Penalty Clause.* - Failure of the grantee to submit the requisite annual report to Congress shall be penalized by a fine of five hundred pesos (P500.00) per working day of noncompliance. The fine shall be collected by the NTC from the delinquent franchise grantee separate from the reportorial penalties imposed by the NTC.

SEC. 17. *Equality Clause.* - Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted for radio and/or television broadcasting, upon prior review and approval of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee: *Provided,* That the foregoing shall neither apply to nor affect the provisions of broadcasting franchises concerning territorial coverage, the term, or the type of service authorized by the franchise.

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


SEC. 19. *Repealability and Nonexclusivity Clause.* - This franchise 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.

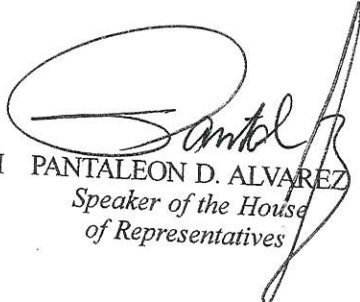


All other laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Act are hereby repealed, amended or modified accordingly.

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

Approved,


AQUILINO "KOKO" PIMENTEL III
President of the Senate



PANTALEON D. ALVAREZ
Speaker of the House
of Representatives


This Act which originated in the House of Representatives was passed by the House of Representatives and the Senate on December 11, 2017.


LUTGARDO B. BARBO
Secretary of the Senate



CESAR STRAIT PAREJA
Secretary General
House of Representatives

Approved: MAR 06 2018


RODRIGO ROA DUTERTE
President of the Philippines


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ATTY. CONCEPCION ZENY E. FERROLINO-ENAD
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