

MEMORANDUM ORDER

No. _____

SUBJECT: MINIMUM SPEED OF BROADBAND CONNECTIONS

WHEREAS, the 1987 Constitution fully recognizes the vital role of communications in nation building and provides for the emergence of communications structures suitable to the needs and aspirations of the nation;

WHEREAS, the promotion of competition in the telecommunications market is a key objective of Republic Act No. 7925 (RA7925, for brevity), otherwise known as The Public Telecommunications Policy Act of the Philippines, which mandates that "a healthy competitive environment shall be fostered, one in which telecommunications carriers are free to make business decisions and interact with one another in providing telecommunications services, with the end in view of encouraging their financial viability while maintaining affordable rates";

WHEREAS, RA7925 further defines the role of the government to "promote a fair, efficient and responsive market to stimulate growth and development of the telecommunications facilities and services";

WHEREAS, RA7925 mandates the National Telecommunications Commission (Commission) to promote and protect the consumers of public telecommunications services;

WHEREAS, it has been observed that the service providers are offering broadband/internet connections specifying only the maximum speed;

WHEREAS, customers/subscribers/users have the right to be informed of the quality of the broadband/internet connection service being provided;

WHEREAS, fixed, fixed wireless and mobile broadband/internet access differ in transmission characteristics;

WHEREAS, it has been observed that few subscribers/users connect to the internet for unreasonably long period of time depriving other users from connecting to the internet;

WHEREAS, mobile broadband/internet access suffer from signal fading more than fixed and fixed wireless broadband/ internet access;

NOW, THEREFORE, pursuant to RA7925, Executive Order (EO) No. 546 series of 1979, and in order to maintain and foster fair competition in the telecommunications industry, and promote and protect the rights of broadband service customers/subscribers/users, the National Telecommunications Commission (the Commission/NTC, for brevity) hereby promulgates the following rules:

1. Broadband service providers shall specify the minimum broadband/internet connection speed and service reliability and the service rates in their offers to consumers/subscribers/users in their advertisements, flyers, brochures and service agreements and service level agreements. The minimum service reliability shall be 80%.

Service Reliability is measured over a period of one (1) month and calculated as
$$\frac{(\text{Hours in a day} \times \text{Days in a month}) - (\text{Time internet connection speed is below minimum})}{(\text{Hours in a day} \times \text{Days in a month})}$$

The service offers shall specify the service rates for a minimum broadband/internet connection speed and the service reliability, e.g., PhP900.00/month for 512Kbps minimum connection speed and 80% service reliability, PhP1,000.00/month for 512Kbps minimum connection speed and 85% service reliability, etc.

2. Service providers may offer broadband/internet connection on a "best efforts" basis.
3. The subscribers/consumers shall be properly informed of the broadband/internet connection service being offered to them.
4. Service providers offering committed information rate (CIR) shall comply with NTC MC No. 12-19-2004.
5. Service providers may set the maximum volume of data allowed per subscriber/user per day.
6. Failure on the part of a broadband service provider to comply with this Order, the Commission shall file appropriate administrative case against said broadband service provider.
7. Any circular, order, memoranda or parts thereof inconsistent herewith are deemed repealed or amended accordingly.
8. This Order shall take effect fifteen (15) days after publication in a newspaper of general circulation and three (3) certified true copies are furnished the UP Law Center.

Quezon City, Philippines _____

GAMALIEL A. CORDOBA
Commissioner

JAIME M. FORTES, JR.
Deputy Commissioner

DOUGLAS MICHAEL N. MALLILLIN
Deputy Commissioner

NOTES:

1. The draft was discussed during the public hearing held last 21 December 2010. A request was made to conduct another public hearing in January 2011 in as much as there were several companies and organizations that were not able to send representatives.
2. The draft is still work in progress.