

MEMORANDUM CIRCULAR No. **05-05-2002**

**SUBJECT : RULES AND REGULATIONS ON THE PROVISION OF HIGH SPEED NETWORKS AND CONNECTIVITY TO IT HUB AREAS**

Pursuant to the provisions of Republic Act No. 7925 (Public Telecommunications Policy Act), Executive Order No. 546, series of 1979, Republic Act No. 8792 (E-Commerce Law) and consistent with the government's goal to develop and maintain a viable, efficient, reliable and universal telecommunications infrastructure using the best available and affordable technologies, as a vital tool to nation building and development and in order to stimulate the growth and development of the information and communications technology (ICT) the following rules and regulations are hereby promulgated:

**I. DEFINITION OF TERMS**

1. The following terms shall be defined as follows:
  - a) Commission – refers to the National Telecommunications Commission
  - b) Information Technology - includes matters concerned with the furtherance of computer science and technology, design, development, installation and implementation of information systems and applications.
  - c) High Speed Networks – Networks that have a capacity of at least 2.048 Mbps.
  - d) IT Hub Areas – Specific areas declared by the Board of Investments, Department of Trade and Industry (BO-ITI) where industries that require high speed networks, services and connectivity are located.

**II. COVERAGE**

2. This circular shall apply to the provision of high speed networks and connectivity in the following IT hub areas, namely:
  - a. **Pasig-Ortigas Business District**  
Bounded by EDSA, Ortigas Avenue, 500 meters East past Meralco Avenue and Shaw Boulevard
  - b. **Makati City (Fort Bonifacio Global City and RCBC)**  
Bounded by Sen. Gil Puyat Ave., EDSA, Kalayaan Ave., Lawton Ave.,

Mckinley Road, EDSA, AS Arnaiz Ave. Pasay Road) and Chino Roces (Pasong Tamo)

**c. UP-Ateneo-Eastwood, Quezon City**

Bounded by Don Mariano Marcos Ave., Tandang Sora Ave., Valerie Drive, Katipunan and CP Garcia Ave., Aurora Blvd, Xavierville Ave. and Katipunan Ave.; strategically situated at the centerpoint of the C-5 Road (Libis, Quezon City)

**d. Alabang-Paranaque-Filinvest (Northgate CyberZone)**

Occupies over 18 hectares within the Northgate Business District of Filinvest Corporate City located in Alabang, Muntinlupa. Bounded by the cities of Las Pinas, Paranaque and Pasay

**e. Subic and Clark**

Subject to existing agreements and with the exception of the area covered by the Subic Bay special Economic and Freeport Zone, which shall continue to be regulated by the Subic Bay Metropolitan Authority, the Subic-Clark corridor will cover the area identified in the Subic-Clark Alliance Development Program, i.e., combined land area of 51,653 hectares and a corridor composed of 12 municipalities; Bataan (Dinalupihan, Hermosa); Pampanga (Angeles City, Porac, Floridablanca, Mabalacat); Tarlac (Bamban, Concepcion, Tarlac City); Zambales (San Marcelino)

**f. Cebu Business District-AsiaTown IT Park**

Covers a combined land area of approximately 24 hectares located in Lahug, Cebu City

**g. University Belt Area, Manila**

Bounded by Tayuman, Rizal Ave., McArthur (Sta. Cruz) Bridge, Lawton (area along Pasig River), Intramuros area, Bonifacio Drive, Roxas Blvd., Vito Cruz, South Superhighway, Pres. E. Quirino, Nagtahan, Alfonso Ave., and Gov. Forbes.

**h. Davao City (specific areas to be identified)**

For new areas to be declared IT hub areas, the Commission shall conduct public hearings and consultations not earlier than (6) months but not later than nine (9) months from any new declaration.

**III. FREE ZONES**

3. Any duly enfranchised public telecommunications entity shall be allowed to provide high speed networks and connectivity to the areas covered in Sec. II(1) of this circular
4. The rates shall be deregulated. The Commission shall be informed of the initial service rates and of any change thereof not later than five (5) days prior to implementation.

#### **IV. LOCAL EXCHANGE NETWORKS AND SERVICES**

5. PTEs not duly authorized to provide local exchange carrier services in the areas where the IT hub areas are located shall not be allowed to install, operate, and maintain local exchange networks thereat.
6. Providers of high speed networks, services and connectivity in the IT hub areas shall not be allowed to offer local exchange services, national and international long distance (voice) services except those that are duly authorized to provide local exchange service, national long distance service and/or international long distance service.
7. Subscribers/customers of high speed networks, services and connectivity in IT hub areas shall not be allowed to resell telecommunications services.

#### **V. REPORTS, PERMITS AND LICENSES**

8. Providers of high speed networks and services in IT hub areas shall at all times possess valid permits and licenses for all radio facilities.
9. Quarterly reports on the high speed network and facilities in IT hub areas shall be submitted to the Commission not later than fifteen (15) days after the end of each quarter.

#### **VI. INSPECTIONS**

10. The Commission may conduct inspection of the facilities of the network and service providers in IT hub areas at any time during office hours.

#### **VII. SANCTIONS**

11. Violations of this circular shall be dealt with in accordance with existing laws, rules and regulations.

#### **VIII. SEPARABILITY CLAUSE**

12. Any portion or section of these rules which may be declared invalid or unconstitutional shall not affect the validity of the other remaining portions or sections.

#### **IX. REPEALING CLAUSE**

13. All existing memoranda, circulars, rules and regulations inconsistent with the provisions of this memorandum circular are hereby repealed or amended accordingly.

#### **X. EFFECTIVITY**

14. This Memorandum Circular shall take effect fifteen (15) days following its publication in the Official Gazette or in a newspaper of general circulation in the

Philippines; *Provided*, that at least three (3) certified copies thereof be filed with the University of the Philippines Law Center.

Quezon City, Philippines, May 13, 2002.

**ELISEO M. RIO, JR**  
Commissioner

**KATHLEEN G. HECETA**  
Deputy Commissioner

**ARMY JANE R. BORJE**  
Deputy Commissioner

*EVG/ccad*