

## Draft Rules on VoIP

*The following draft rules for VoIP are hereby issued for public review, consideration and comment. All interested parties are hereby informed that a public hearing on these draft rules shall be held on May 3, 2005 starting from 2 o'clock in the afternoon at the NTC Multi-Purpose Hall, 4<sup>th</sup> Floor NTC Building, BIR Road, Diliman, Quezon City, Republic of the Philippines. All interested parties are further encouraged to submit their comments or inputs in writing to the Commission (preferably with soft copies thereof) on or before such hearing date.*

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National Telecommunications Commission  
Memorandum Circular (DRAFT)  
No. \_\_\_\_\_

Subject: VOICE OVER INTERNET PROTOCOL (VOIP)

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, VOIP, provides users with an efficient, reliable and economical means of communication;

WHEREAS, VOIP, as an application that digitizes and transmits voice communications in packets via the Internet, making possible convergence with other applications which distinguishes this from traditional telephony that is conducted through circuit switched connections;

WHEREAS, added competition in and deployment of VOIP can help achieve the broader policy objectives of Republic Act 7925, otherwise known as The Public Telecommunications Policy Act of the Philippines, to develop and maintain "a viable, efficient, reliable and universal telecommunications infrastructure using the best available and affordable technologies," and to improve and extend "services to areas not yet served";

WHEREAS, VOIP can provide economic benefits over legacy networks in the form of greater efficiencies and lower costs;

WHEREAS, the widespread use and deployment of VOIP is hampered by the absence of formal rules or guidelines that will clarify the legal and regulatory rules for VOIP, and govern the provision and use of VOIP by the public;

WHEREAS, premature intervention in or regulation of VOIP as a nascent technology risks stifling innovation and competition in information and communications technologies (ICT);

WHEREAS, minimal regulation on VOIP will encourage the development of new applications and services that can enhance Philippine competitiveness in the global ICT market;

NOW, THEREFORE, pursuant to RA 7925, otherwise known as the Public Telecommunications Policy Act, EO 546 series of 1979, and DOTC Memorandum dated November 25, 2003, and in order to maintain and foster fair competition in the

telecommunications industry, and to bring the benefits of efficient VOIP technology to the general public, the National Telecommunications Commission hereby promulgates the following guidelines:

- Sec. 1 Voice over Internet Protocol (VOIP) shall be classified as a Value Added Service within the contemplation of RA 7925, otherwise known as the Public Telecommunications Policy Act.
- Sec. 2 Definitions –
- (a) *Public telecommunications entity (PTE)* - any person, firm, partnership or corporation, government or private, engaged in the provision of telecommunications services to the public for compensation.
  - (b) *Value-added service (VAS)* - enhanced services beyond those ordinarily provided for by local exchange and inter-exchange operators, and overseas carriers, where “ordinarily provided” services shall mean voice services offered through circuit switched networks.
  - (c) *Voice Over Internet Protocol (VOIP) Service* - provision of voice communication using Internet Protocol (IP) technology, instead of traditional circuit switched technology.
  - (d) *Customer Premises Equipment (CPE)* - equipment located in the premises of a customer which is not part of but connected to the system or network of the PTE.
- Sec. 3 Any person or entity seeking to provide VoIP for use by the public for compensation shall register themselves as such with the Commission prior to operation as a VoIP provider.
- Sec. 4 No value-added service provider shall provide VoIP services to the public for compensation – where such services require access to and/or use of a network provider’s network, facilities and/or equipment – unless it has entered into an agreement with such network provider as to the terms and conditions of fair and reasonable access and/or interconnection charges for such access and/or use.

In cases where the VAS provider and network provider refuse to negotiate for the interconnection of their networks, the Commission may, upon the complaint of any interested party or upon its own initiatives, intervene and assume jurisdiction over the matter and immediately direct physical interconnection of the networks of the parties under such terms and conditions it may deem proper under the circumstances.

Nothing in this paragraph shall, however, prevent the parties to negotiate and execute an interconnection agreement and submit the same to the Commission for approval. For this purpose, the parties shall be given a period of ninety (90) days from receipt of notice of the filing of the complaint within which to negotiate and execute an interconnection agreement, Provided, that until an interconnection agreement is executed the interconnection mandate adverted in the immediately preceding paragraph shall remain in full force and effect.

- Sec. 5 Network providers shall ensure equal access in terms of quantity and quality, at the same prices for substantially similar services to VAS providers; and shall not discriminate between VAS providers. For this purpose, the parties shall submit a copy of their agreements on these matters for purposes of the monitoring and supervision by the Commission.
- Sec. 6 No public telecommunications entity, network provider or other entity providing Internet access to subscribers and VAS providers, shall impede or degrade the access of such subscribers and VAS providers to the Internet content of another applications or service provider, except where such access demonstrably threatens the integrity of their network or facilities.
- Sec. 7 Network and/or internet service providers shall not require subscribers to purchase/use or to refrain from purchasing/using any IP-enabled service as a precondition to obtaining their broadband service.
- Sec. 8 The sale, lease, importation, distribution and/or provision of customer premises equipment (CPE) designed to enable or ease the use of VoIP shall be governed by the existing rules and regulations on CPE's.
- CPE's and/or accessories designed to enable or ease the use of VOIP, connected to the networks of PTE's shall be type approved/accepted by the Commission. VOIP equipment and/or accessories not connected with the network of PTE's shall not require type approval/acceptance except when the VOIP equipment and/or accessories use radio spectrum.
- Sec. 9 Repealing Clause – Any rule, regulation, circular, order or memorandum, or parts thereof, inconsistent with this memorandum circular are deemed amended or revoked.
- Sec. 10 Effectivity – This memorandum circular shall take effect fifteen (15) days after publication in a newspaper of general circulation, and three (3) certified true copies furnished to the UP Law Center.

Quezon City, Philippines \_\_\_\_\_

**RONALD OLIVAR SOLIS**  
Commissioner

**KATHLEEN G. HECETA**  
Deputy Commissioner

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