

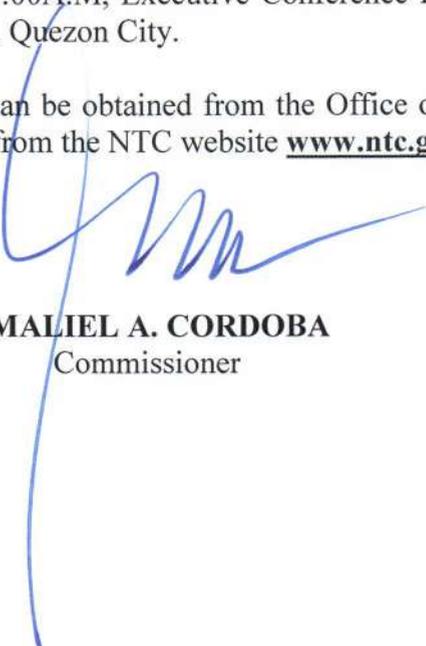


Republic of the Philippines  
**NATIONAL TELECOMMUNICATIONS COMMISSION**  
NTC Bldg., Agham Road, East Triangle, Diliman, Quezon City

## **NOTICE OF PUBLIC CONSULTATION AND HEARING**

The **NATIONAL TELECOMMUNICATIONS COMMISSION (NTC)** is inviting all affected and interested parties to the 2<sup>nd</sup> **Public Consultation and Hearing** on the proposals to amend Memorandum Order No. 07-07-2011 (Minimum Speed of Broadband Connections) to be held on 16 February 2015, Monday, at 10:00A.M, Executive Conference Room, 3<sup>rd</sup> Floor, NTC Bldg., BIR Road, East Triangle, Diliman, Quezon City.

Copies of the proposed Circular can be obtained from the Office of the Regulation Branch, 2<sup>nd</sup> Floor, NTC Bldg. or downloaded from the NTC website [www.ntc.gov.ph](http://www.ntc.gov.ph).



**GAMALIEL A. CORDOBA**  
Commissioner

MEMORANDUM CIRCULAR: \_\_\_\_\_

**SUBJECT: MINIMUM SPEED OF BROADBAND CONNECTIONS**

WHEREAS, the 1987 Constitution fully recognize the vital role of communications in the 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 as The Republic Telecommunications Policy Act of the Philippines, which mandates that “ a healthy competitive environment shall be fostered, one 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 (the Commission, for brevity) to promote and protect the consumers of the public telecommunications services;

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

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 hereby promulgates the following definitions and rules:

**A. DEFINITIONS**

1. Wireless broadband: over-the-air (OTA) connectivity with theoretical downstream data rate at least 1Mbps and theoretical upstream data of at least 768 kbps.
2. Wireless internet: OTA connectivity with theoretical downstream or upstream data rate less than wireless broadband.
3. Wireline broadband: internet connectivity via terrestrial landline networks with theoretical downstream data rate at least 2 Mbps and theoretical upstream data rate of at least 1 Mbps.
4. Wireline internet: internet connectivity via terrestrial landline networks with theoretical downstream or theoretical upstream data rate less than wireless broadband but greater than dial-up internet.
5. Dial-up internet: internet connectivity via terrestrial landline networks with theoretical downstream data rate of 56.6 kbps and theoretical upstream data rate of 48.8 kbps, as provided by ITU-T Recommendation V.92 “Enhancements to Recommendation V.90”, or less.

6. The Commission shall adopt the official technical definitions of technologies such as but not limited to GSM, HSPA, WiMax, LTE, and so forth, as provided for by the ITU and other international bodies and consortia.

**B. Rules on Offer Information**

1. The subscribers/consumers shall be properly informed of the broadband/internet connection service being offered to them.
2. Service providers shall be required to specify the minimum and shall be allowed to specify the maximum ("up to") of the following information:
  - 2.1 broadband/internet connection data rates ("minimum broadband/internet data rates" and "the theoretical best broadband/ internet connection data rate") and the service rates in their advertisements, flyers, brochures, and service level agreements.
  - 2.2 data rate reliability ("minimum data rate reliability" and "best data rate reliability") and the service rates in their offers to consumers/subscribers/users in their advertisements, flyers, brochures, and service agreements and service level agreements.
  - 2.3 service reliability ("minimum service reliability" and "best 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.
  - 2.4 overall reliability ("minimum overall reliability" and "best overall reliability") and the service rates in their offers to consumers/ subscribers/ users in their advertisements, flyers, brochures, and service agreements and service level agreements.
3. Service offers made through advertisements, flyers, and brochures shall contain the service rates for broadband/ internet connection data rates, data reliability, and service reliability using any of these methods, e. g.:
  - 3.1 "Up to method": PhP 100.00/ month for "up to" 768 kbps maximum downstream data rate, "up to" 384 kbps maximum upstream data rate, 95% data rate reliability, and 95% service reliability: or,
  - 3.2 "At least method": PhP 100.00/month for 384 kbps minimum downstream data rate, 192 kbps minimum upstream data rate, 80% data rate reliability, 80% service reliability, and 6.4 GB daily download cap.
4. Service agreements and service level agreements shall contain the service rates for broadband/ internet connection data rates, data rate reliability, and service reliability using both methods B.3.1 and B.3.2.

**C. Rules on Measurements and Metrics**

1. Data rate reliability is measured over a period of one (1) day and calculated as:  
Data rate reliability (DRR) =  $(DDR_A/DDR_U) \times (UDR_A/UDR_U) \times 100\%$   
Where  
DDR<sub>A</sub> is the average downstream data rate during actual usage during the day  
DDR<sub>U</sub> is the "Up to" downstream data rate

UDR<sub>A</sub> is the average upstream data rate during actual usage during the day  
UDR<sub>U</sub> is the "Up to" upstream data rate

2. Service reliability is measured over a period of one (1) day and calculated as:

Service reliability (SR) =  $[(NS_A - NS_B)/NS_A] \times 100\%$

Where

NS<sub>A</sub> is the number of seconds of actual subscriber use during the day

NS<sub>B</sub> is the Number of seconds below service data rate during actual subscriber use during the day

3. Overall reliability is measured over a period of one (1) day and calculated as:

Overall reliability (OR) = DRR in % x SR in %

4. The Commission shall determine the official data rate and data volume measured and monitoring tool to be used to measure network traffic.
5. The Commission shall conduct the measurement.

**D. Rules on service Standards for Standard Broadband Connectivity Offers**

1. Minimum actual downstream and upstream data rates shall not be less than 50% of advertised "up to" data rates.
2. Data rate reliability shall not be below 80%.
3. Service reliability shall not be below 80%
4. Overall reliability shall not be below 80%.

**E. Rules on "Best Efforts" Offers**

1. Service providers may offer broadband/ internet connection services on a "best efforts" basis, provided:
  - 1.1 Minimum actual downstream and upstream data shall not be less than 50% of advertised "best effort" data rates;
  - 1.2 "Best effort" data rate reliability shall not be below 50%;
  - 1.3 Service reliability shall not be below 50%;
  - 1.4 Overall reliability shall not be below 50%
  - 1.5 "Best efforts" service must not be the sole product of the service provider.
  - 1.6 Apart from complying with Rule B, "best efforts" services offers to consumers/ subscribers/ users shall be clearly identified as such in their advertisements, flyers, brochures and service agreements and service level agreements.
  - 1.7 Apart from complying with Rule B, the phrase "this is a 'best efforts' service" must be included in advertisements, flyers, brochures, and service agreements and service level agreements.

**F. Rules on Prepaid Service Offers**

1. The Commission may allow service providers different service rates for prepaid service,

provided that the data rate reliability, service reliability, and overall reliability shall comply with minimum thresholds as provided under Section D of this Circular.

**G. Rules on Refund or Rebate**

1. Upon the occurrence of periods where the service is interrupted, said periods shall not be subject to billing by the service provider. Should these periods not be contiguous, or should these periods be intermittent, they shall be aggregated for purpose of refund or rebate.

**H. Rules for Non-Compliance**

1. Upon failure on the part of a service provider to comply with this Order, the Commission shall file the appropriate administrative case against the said service provider, without prejudice to requiring the service provider to pay penalties and fines deemed equitable by the Commission, and without prejudice to requiring the service provider to provide rebates or refunds to affected subscribers.

**I. Other Rules**

1. Service providers offering committed information rate (CIR) shall comply with Commission MC No. 12-19-2004.
2. Any circular, order, memoranda or parts thereof inconsistent herewith are deemed repealed or amended accordingly.
3. This Circular 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.

**GAMALIEL A. CORDOBA**  
Commissioner

**CARLO JOSE A. MARTINEZ**  
Deputy Commissioner

**DELILAH F. DELES**  
Deputy Commissioner