

**MEMORANDUM CIRCULAR**

**NO. 08-08-2004**

**SUBJECT: ADDITIONAL RULES AND REGULATIONS ON THE  
PURCHASE, SALE, LEASE AND/OR RETAIL OF MOBILE  
PHONES**

Pursuant to the provisions of the Radio Control Law, Act No. 3846, as amended, Executive Order No. 546, and Republic Act 7925, the following are additional rules and regulations are promulgated to form part of MC No. 1-04-88 and MC No. 02-01-2001.

**1. PURPOSE**

The primary purpose of this Circular is to enable the NTC to monitor and effectively regulate the purchase, sale, lease and/or retail of mobile phone units, parts and accessories thereof, in the interest of the public.

**2. DEFINITION OF TERMS**

- 2.1 Commission – National Telecommunications Commission.
- 2.2 Mobile phone – a handheld radio communications device employing cellular mobile telephone system (CMTS), and similar technologies, popularly referred to as cellular phones or cell phones, capable of transmitting and receiving voice , data and other multi media services by means of radio waves.
- 2.3 Mobile Phone Dealer (MPD) – a person or entity primarily engaged in the purchase, sale, lease and/or retail of mobile phones including parts and accessories thereof.
- 2.4 Mobile Phone Dealer’s Permit (MPDP) – a permit issued by the Commission authorizing the holder thereof to engage in the purchase, sale, lease and/or retail of mobile phones, parts and accessories thereof.

**3. GENERAL PROVISIONS**

- 3.1 No person shall engage in the business of a MPD without first securing the necessary permit from the Commission.



- 3.2 No MPD shall keep on stock any mobile phones, which is illegally acquired, and/or mobile phones without NTC type-approval/type acceptance labels/stickers..
- 3.3 MPD shall register with the Commission all the available mobile phone units in their stock and/or possession by submitting the list of its International Mobile Equipment Identity (IMEI) code on a monthly basis. Likewise, they shall also submit a list of all the available subscriber identification module (SIM) numbers in their stock and/or possession.
- 3.4 The Regional Offices of the Commission shall furnish the Telecommunication Planning and Development Department (TPDD), this Commission all the monthly sales and stock reports submitted by authorized MPD .
- 3.5 All applicants for permits to become authorized MPD shall apply and secure the required permit from the Commission.
- 3.6 Existing and duly accredited CPE and radio suppliers and dealers pursuant to existing rules shall inform the Commission in writing within thirty (30) days from effectivity of this Circular that they shall engage in the purchase, sale, lease and/or retail of mobile phones. Henceforth, all accreditation permits for CPE and radio suppliers and dealers shall include the purchase, sale lease and/or retail of mobile phones.
- 3.7 All existing establishments primarily doing the business of purchasing, selling, leasing and/or retailing mobile phones without valid permits or accreditation from the Commission shall within thirty (30) days from effectivity of this Circular apply and secure the permits required by this Circular. Failure to do so, shall subject any person or entity operating any such establishment to closure and the imposition of appropriate fines until the required permit is secured.

4. **OPERATING GUIDELINES FOR AUTHORIZED MOBILE PHONE DEALERS.**

- 4.1 All grantees of permits authorized to operate as an MPDP shall in the purchase, sale, lease and/or retail of mobile phone units, parts and its accessories strictly comply with the provision of this Circular and other existing radio laws, rules, and regulations.
- 4.2 An MPD shall not acquire, purchase, sell, lease and/or retail mobile phones from any authorized or illegal source.
- 4.3 An MPD shall not advertise the purchase, sale, lease and/or retail of mobile phone units, parts and accessories coming from any unauthorized or illegal source.



- 4.4 An MPD shall properly identify their business and location by posting conspicuously at the entrance of their respective premises a signboard with at least 50cm x 100cm dimension, which shall indicate clearly its registered business name, the type of services it offers, and its full business address and the MPD permit number.
- 4.5 An MPD shall not have in its possession an inventory/stock of mobile phone units, parts and accessories from any unauthorized and illegal sources.
- 4.6 An MPD shall submit a monthly sales and stock report to the Commission.

**5. PERMITS AND APPLICATIONS**

- 5.1 No person or entity shall commence business or conduct any operation in any of the above activities without a valid MPDP issued by the Commission.
- 5.2 An application for MPDP may be filed with the Commission’s Central Office or Regional Office in which applicant resides, with the accompanying documents in compliance with NTC requirements:
  - 5.2.1 Duly certified true copy of SEC Registration Certificate and the Articles of Incorporation or DTI Registration Certificate and Business Permit from appropriate Local Government Units authorizing the MPD to engage in the purchase, sale, lease and/or retail of mobile phones, including parts and accessories thereof.
  - 5.2.2 Copy of valid dealership agreement with Mobile phone distributor/supplier accredited by the Commission.
  - 5.2.3 List of stocks of spare parts and accessories sufficient enough to cover the warranty of mobile phone units for at least six (6) months or in accordance with the Dealership Agreement.
  - 5.2.4 Proof of paid-up capitalization in the minimum amount of PHP100,000.00.

5.3 The following fees and charges shall apply:

Filing Fee	PHP 180.00
Permit Fee	PHP 1200.00/year
Inspection Fee	PHP 720.00/year



5.4 Non payment of any of the required fees shall be a ground for the denial, disapproval, suspension and revocation of permits.

**6. VALIDITY OF PERMIT**

A permit issued to a qualified MPD shall be valid for a one (1) year, renewable, upon presentation of continued compliance with the above-mentioned requirements.

**7. CONDUCT OF INSPECTION**

- 7.1 The NTC technical staff shall conduct inspection prior to the approval and issuance of MPDP to verify conformance with the minimum requirements specified in this Circular.
- 7.2 All non-conformances found shall be noted and made known to the authorized officials of the entity and/or applicant.
- 7.3 Applicant with a noted deficiency shall be given a grace period of thirty (30) days to correct the non-conformance, and shall notify the Commission for the schedule of re-inspection within the same period.

**8. ADMINISTRATIVE SANCTIONS**

Any violation of this Circular by any person, corporation or entity and/or the making of any false statements in the application or before the Commission shall be dealt with in accordance with this Circular and existing rules and regulations to include suspension, cancellation and revocation of permits, the closure of the operation or establishment and/or the imposition of the following fines:

- |      |   |                                     |
|------|---|-------------------------------------|
| 8.1  | Illegal purchase, sale, lease and/or retail of mobile phone acquired from any illegal source.                   | PHP 5000.00<br>(per unit/violation) |
| 8.2. | Purchase, sale, lease and/or retail of Mobile phones without NTC type Approval/type acceptance labels/ Stickers | PHP 5000.00<br>(per unit/violation) |
| 8.3  | Illegal importation of mobile phone, parts and accessories thereof  | PHP 5000.00<br>(per unit)           |
| 8.4  | MPD operating without valid NTC Permit to include the closure of the establishment.                             | PHP5000.00                          |



**9. PROCEDURE FOR THE SUSPENSION, CANCELLATION OR REVOCATION OF PERMIT**

The Commission may suspend, cancel or revoke the permit of any authorized supplier/dealer of mobile phone units, parts and accessories, found to have violated any provision of this Circular and other existing rules and regulations of the Commission..

Upon a complaint filed by any party or violation report from any authorized personnel of the Commission, the Commission may file an administrative case and direct respondent to Show Cause within fifteen (15) days from receipt of the Order why his operation and/or permit should not be suspended, cancelled or revoked and to appear and produce evidence on the date and time stated therein. Pending hearing and final determination of the case, the Commission may immediately issue a **Cease and Desist** Order, as circumstances so warrant. Moreover, the Commission may suspend the permit when, in its judgment, it is necessary to protect public interest.

**10. REPEALING CLAUSE:**

Any circular, memorandum, order or parts thereof inconsistent with the provisions of this Circular shall be deemed amended or superseded accordingly.

**11. EFFECTIVITY**

This Circular shall take effect fifteen (15) days after publication in a newspaper of general circulation and three (3) certified true copies furnished the UP Law Center.

Quezon City, Philippines, August 6, 2004.

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**RONALD OLIVAR SOLIS**  
Commissioner

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**KATHLEEN G. HECETA**  
Deputy Commissioner

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