



**REPUBLIC OF THE PHILIPPINES**  
**Office of the President**  
**NATIONAL TELECOMMUNICATIONS COMMISSION**



MEMORANDUM CIRCULAR  
No. 02-10-2011

**SUBJECT: INTERCONNECTION CHARGE FOR SHORT MESSAGING SERVICE**

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, promotion of competition in the telecommunications market is a key objective of Republic Act 7925 (RA7925), 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 to interact with one another in providing telecommunications services, with the end in view of encouraging their financial viability while maintaining affordable rates”;

WHEREAS, Republic Act 7925 further defines the role of the government to “promote a fair, efficient and responsive market to stimulate growth and development of the telecommunication facilities and services”;

WHEREAS, Sec. 5c of RA7925 directs NTC to “Mandate a fair and reasonable interconnection of facilities of authorized public network operators and other providers of telecommunications services through appropriate modalities of interconnection and at a reasonable and fair level of charges, which make provision for the cross subsidy to unprofitable local exchange service areas so as to promote telephone density and provide the most extensive access to basic telecommunications services available at affordable rates to the public”;

WHEREAS, the short messaging service (SMS) is widely used by the citizens in their day-to-day activities;

WHEREAS, the existing interconnection charge for SMS is PhP0.35 per SMS;

WHEREAS, public telecommunications entities (PTEs) are offering SMS at a price as low as PhP0.10 per SMS within their respective networks;

WHEREAS, the retail price of SMS consists of the cost of the network sending the short message or text plus cost of the network receiving the text plus the cost of the interconnection facilities;

NOW, THEREFORE, pursuant to RA 7925, Executive Order 546 series of 1979, and reduce communications costs, maintain and foster fair competition in the telecommunications industry and in order to make SMS more affordable to the general public, the National Telecommunications Commission hereby promulgates the following guidelines:



Section 1. The interconnection charge for SMS between two (2) separate networks shall not be higher than PhP0.15 per SMS

Sec. 2. SMS network providers shall ensure that facilities are sufficient to guarantee that 99% of short messages or texts sent are received by the addressees within 30 seconds from the time the texts are sent.

Sec. 3. Each of the parties to the interconnection shall provide the interconnection links or circuits required to carry their respective SMS traffic. The parties shall ensure that termination equipment is sufficient to connect the interconnection links or circuits to their respective networks. The parties shall provide the interconnection links and facilities with sufficient capacity in a timely manner.


Sec. 4. The PTEs shall amend their respective interconnection agreements to comply with this Circular within ten (10) days from the effectivity of this Circular. The new interconnection charges shall be imposed not later than twenty (20) days from the effectivity of this Circular.

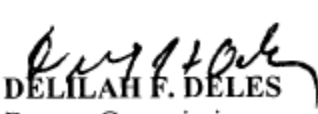
Sec. 5. Violations of herein prescribed guidelines shall be imposed penalties pursuant to existing laws, rules and regulation.

Sec. 6. 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 24 October 2011

  
GAMALIEL A. CORDOBA  
Commissioner

  
CARLO JOSE A. MARTINEZ  
Deputy Commissioner

  
DELILAH F. DELES  
Deputy Commissioner

