

## Philippines: NTC issues new eligibility criteria for Data Transmission Industry Participants (DTIPs), including internet service providers

### In brief

The National Telecommunications Commission (NTC) has issued **Memorandum Circular No. 002-02-2026**, which prescribes the eligibility criteria and various compliance obligations for Data Transmission Industry Participants (DTIPs), pursuant to Republic Act No. 12234 or the *Konektadong Pinoy Act* (KPA).

The Circular is the first in a series of expected issuances by the NTC to operationalize the KPA and its Implementing Rules and Regulations (IRR).

### In depth

The Circular establishes legal, technical, and financial eligibility requirements which must be met by DTIPs. These apply to all entities who seek to offer data transmission services and participate in one or more segments of the data transmission network as a form of economic activity, specifically:

1. Public Telecommunication Entities (PTEs), Value-Added Service (VAS) Providers, Satellite Systems Providers or Operators (SSPOs) and access providers, to the extent that their businesses engage, in any manner, in the provision of data transmission services; and
2. Entities who construct, operate, lease, or own networks, including radio transmitting and/or receiving stations, in any segment of the data transmission network, for the provision of data transmission services.

Passive infrastructure owners, lessors and operators are not covered by the Circular.

The Circular also institutes a process of registration and authorization for DTIPs, and establishes various regulatory requirements related to the maintenance of an entity's registration or authorization.

### Salient provisions

#### A. Legal eligibility requirements

In order to qualify as a DTIP, an applicant must be organized and registered under the laws of the Philippines. It can be any of the following: (1) sole proprietorship; (2) partnership; (3) cooperative; or (4) corporation, including entities owned or controlled by the government. Branch offices, representative offices, or other lawful forms of presence of foreign entities are likewise legally eligible to operate as DTIPs.

For foreign satellite providers, they are required: (1) to have a local presence such as a branch office, representative office, institutional agent, official distributor, or a combination thereof, and a service center in the Philippines; and (2) to provide proof that their home country does not restrict Philippine citizens from accessing satellite systems and does not prevent Filipino satellite providers from operating within its country.

#### B. Technical eligibility requirements

Applicants must prove their technical capability to be a DTIP by submitting a technical feasibility study and plans as part of the application, as well as proof of prospective service capacity, such as agreements with other DTIPs for bandwidth requirements, and evidence of prospective access to infrastructure. A cybersecurity plan or compliance must also be in place. Separate guidelines on cybersecurity measures will also be issued by the Department of Information and Communications

### **C. Financial eligibility requirements**

Applicants must submit various documents to prove their financial and economic viability to the NTC. These include, among others, financial and economic feasibility studies, audited financial statements, and certifications from financial institutions. Applicants are also required to post a bond to guarantee the performance of their obligations. The Circular also sets a minimum asset requirement and a maximum debt-to-asset ratio at 70%. The minimum asset requirement per data transmission segment are as follows:

- Last Mile providers - Five hundred thousand pesos (PHP500,000.00)
- Middle Mile providers - Ten million pesos (PHP10,000,000.00)
- Core or Backbone Network providers - One hundred million pesos (PHP100,000,000.00)
- International Gateway Facility providers - One billion pesos (PHP1,000,000,000.00)

### **D. Registration and authorization**

The Circular provides that International Gateway Facility providers and Core or Backbone Network providers shall undergo authorization, while Middle Mile and Last Mile providers shall undergo registration. DTIPs intending to deploy and utilize wireless technology shall also obtain a separate authorization from the NTC prior to their use of spectrum.

The process for both registration and authorization are largely identical, except that, unlike an application for registration, an application for authorization will be posted on the NTC's website, with affected industry players given a period of five (5) days from the posting of such notice to submit their respective position papers relevant to the application.

### **E. Effect on existing registrations and licenses**

Existing legislative franchises for the provision of telecommunications services will remain valid and effective in accordance with their respective terms, insofar as they do not constitute the provisions of data transmission services. All entities that possess valid and subsisting Provisional Authority, Certificates of Public Convenience and Necessity (CPCNs), or VAS Certificates of Registration which qualify as DTIPs are considered as DTIPs without need of further action on their part. Such entities shall be deemed as DTIPs for the duration of their existing certifications without need of undergoing the eligibility, registration and authorization process discussed above.

Within one (1) year from the effectivity the Circular, the NTC will formally notify all entities deemed as DTIPs of their reclassification. The notified entities will then be issued a Certificate of NTC Registration or a Certificate of NTC Authorization, maintaining the validity of their previous VAS CoRs, PAs or CPCNs. VAS providers with services that do not constitute data transmission will automatically be issued a modified VAS CoR.

### **Impact and recommendations**

The Circular provides a clear pathway for the entry and authorization of DTIPs, given that the KPA has effectively removed the legislative franchise requirement in the data transmission industry. However, it also imposes new significant legal, technical, and financial requirements for VAS providers and SSPOs.

Stakeholders should assess their segment classification and prepare for compliance. Existing documentation must be reviewed for gaps, and the required technical, financial, and economic studies must be prepared ahead of the expiration of any existing licenses. Clients should also anticipate reclassification notices from NTC within the transition period, and evaluate the potential impact of these new regulations on rollout and service expansion plans.

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The law is stated as of 19 February 2026.

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