

**MEMORANDUM CIRCULAR
NO. 11-06-99**

**SUBJECT: IMPLEMENTING RULES AND REGULATIONS OF MEMORANDUM
CIRCULAR No. 13-10-98**

Pursuant to Memorandum Circular No 13-10-98, the following implementing rules and regulations are hereby promulgated:

SEC. I DEFINITIONS

System - shall refer to the telecommunications equipment (hardware and software) of a telecommunications service provider (TSP) directly involved in the provision of telecommunications services to the public. The term excludes power, water, and other utility systems on which the Systems may rely on and which are not within control of the TSP.

Millennium Bug - shall refer to the inability of computer-based Systems and products which include hardware and software, and products with embedded systems to function properly at the turn of the century.

Year 2000 Compliant - shall refer to the Systems and products that have satisfied the criteria defined by the British Standards Institute such as:

- a) no value for current date will cause any interruption in operation;
- b) data-based functionality must behave consistently for dates prior to, during, and after the Year 2000;
- c) in all interfaces and data storages, the century in any date must be specified either explicitly or by unambiguous algorithms or interfacing rules;
- d) the time and date data must be recognized and processed correctly before, during, through and beyond the Year 2000 and the Year 2000 must be recognized as a leap year; and
- e) when used in connection or in conjunction with other Year 2000 complaint equipment or software required for the provision of telecommunications services, shall properly exchange time and date data with such other Year 2000 related software or hardware.

Telecommunications Service Provider (TSP) – shall refer to any public telecommunications entity engaged in the provision of telecommunications services duly authorized by the Commission.

Telecommunications Year 2000 Forum (Y2K Forum) – shall refer to the group of telecommunications services providers established through this Commission for the exchange of information on Year 2000 compliance.

Commission – shall refer to the National Telecommunications Commission.

Contingency Plan – shall refer to the plan of the TSP to ensure the continuity of the provision of telecommunications services in all of its duly authorized areas through the Year 2000.

SEC. II YEAR 2000 COMPLIANCE PROGRAM

1. All TSPs are hereby enjoined to make their Systems Year 2000 compliant.
2. Every TSP is required to:
 - a. conduct a comprehensive inventory of all its System that may be date sensitive and possibly affected by the millennium bug;
 - b. submit to the Commission on or before 31 July 1999, its Year 2000 Program Report containing the following information:
 - b.1 a description of the TSP's Year 2000 Compliance program which shall include:
 1. a statement of the TSPs Year 2000 compliance to the criteria defined by the British Standards Institute;
 2. the methodology and manner by which the company has performed an inventory of all its Systems;
 3. the methodology and manner for the determination and verification of Year 2000 compliance and non-compliance of the TSP's System;
 4. names of responsible officers heading the company's Year 2000 compliance Program and any consultations and external parties or consultants engaged to assist the company in performing Year 2000 compliance activities.

- b.2 a list of all Systems which will be in operation on 31 December 1999 directly involved in the provisioning of telecommunications services, and their respective vendors; the list must also contain a risk rating of each system (high/medium/low) in accordance with the function performed by the System in the rendition of the telecommunications services;
 - b.3 an indication of which Systems are and are not Year 2000 compliant; if the System is totally or partially non-compliant, the TSP should provide a further explanation of the nature of the non-compliance, and if the non-compliance is vendor-related;
 - b.4 measure taken and/or tests performed to verify compliance of Systems rated Year 2000 Compliant;
 - b.5 measures taken to remedy/address non-complaint Systems, and the implementation period of these measures; and
 - b.6 contingency plans to ensure the continuity of the provision of telecommunications services through Year 2000.
- 3. Test plans shall be implemented immediately. Such tests shall:
 - 1. correct dates processing beyond 01 January 2000;
 - 2. ensure that applications correctly run in a Y2K environment;
 - 3. show that no functional changes occur given Year 2000 date and time data;
 - 4. test internal and external interfaces;
 - 5. ensure that System performance is not degraded; and
 - 6. ensure that archive data is retrievable.
 - a. The report of all testing shall be submitted to the Commission in a consolidated Test Report on or before 31 July 1999. The test report shall include:
 - a.1 a statement of document testing standards, test processes and critical date list within its test report; and

- a.2 a Year 2000 Compliance Statement signed by a responsible officer of the TSP based on one or more of the following criteria.
 - 1. the vendor or supplier of the system has informed the TSP that the System is Y2K compliant, and that the vendor or supplier has conducted testing, but that such claims have not been substantiated by the TSP through independent testing;
 - 2. the supplier of the System has informed the TSP that the System is Y2K compliant and the TSP has undertaken its own testing regime to attempt to substantiate the supplier's representation; and
 - 3. the supplier of the System has not provided the TSP with a Y2K compliance statement but the TSP has conducted testing to determine the readiness of the System.
- 4. The Commission may request intercarrier testing. Such intercarrier testing may be used by the Commission to determine completeness and accuracy of the Telecommunications Year 2000 program report submitted in accordance with Section II. The Commission may request the Year 2000 Forum to provide suitable observers to verify the success of such tests.
- 5. Where non-compliance is found to be caused by any vendor's or supplier's refusal to support or upgrade non-Y2K compliant equipment, the Commission may require explanations from the vendor or supplier and, where necessary in the interest of public service, mediate in order to assist the parties to achieve a speedy resolution of the issue.

SEC. III SANCTIONS

- 1. The Commission may suspend the grant of a provisional authority for a new service if it finds, after hearing and due process that a company has failed to comply with the requirements of the Year 2000 compliance program set forth in the immediately preceding Section.
- 2. The Commission may, after hearing and due process, suspend the renewal of existing provisional authorities which the carrier is found to have Systems which are non-Y2K compliant after 31 July 1999 and for which the TSP has not provided any adequate contingency plan to ensure continuity of the service through the Year 2000.

3. The suspension contemplated in this Section shall last until such time as, in the reasonable judgment of the Commission, the TSP has addressed the non-compliance or implemented a suitable contingency plan which ensures continuity of the service through the Year 2000.
4. The foregoing sanctions shall not apply if the non-compliance is found to be due to the failure of any vendor or supplier of the equipment to support or upgrade any System in order to make it Y2K compliant. The Commission may, after hearing and due process, revoke the registration of any vendor, supplier or telecommunications equipment dealer found to have supplied non-Y2K compliant equipment and who refuses to support or upgrade non-Y2K compliant equipment in order to make them Y2K compliant, without prejudice to other sanctions, which the Commission may apply under existing laws and without prejudice to other remedies which the TSP may have in the regular courts to redress its grievances against the vendor or supplier. The Commission may also make the appropriate recommendations to other government agencies on applicable actions to address any findings against the vendor or suppliers.

SEC. IV EFFECTIVITY

This Memorandum Circular amends, modifies or supersedes circulars, orders, issuances or any part of thereof inconsistent herewith; and, takes effect fifteen (15) days upon publication in a newspaper of general circulation and the three (3) certified true copies furnished the UP Law Center.

Quezon City, Philippines, June 18, 1999.

(SGD.) JOSEPH A. SANTIAGO
Commissioner

(SGD.) NESTOR C. DACANAY
Deputy Commissioner

(SGD.) AURELIO M. UMALI
Deputy Commissioner