

**Closure of investigation on alleged anti-competitive conduct in the
provision of fixed-line internet service in Providence Iloilo
Subdivision in Pavia, Iloilo**

Industry	:	Provision of fixed-line internet service in Providence Iloilo Subdivision in Pavia, Iloilo
Case Reference	:	CEO-21-0098-FAI
Case Closed	:	12 October 2024
Issue(s)	:	Anti-competitive agreement in the provision of fixed-line internet service in Providence Iloilo Subdivision in Pavia, Iloilo
Relevant Provision(s)	:	Section 14(c) of the Philippine Competition Act

I. Background

1. In 2021, the Competition Enforcement Office (“Enforcement Office”) of the Philippine Competition Commission (“PCC”) received two (2) complaints relating to the provision of fixed-line internet service in Providence Iloilo Subdivision (“Providence Iloilo”) located in Brgy. Balabag, Pavia, Iloilo.
 - 1.1. On 14 July 2021, the PCC received an email from a resident claiming that St. Rafael Development Corporation (“SRDC”) is prohibiting entry and cable installation of internet lines by PLDT in Providence Iloilo.
 - 1.2. On 01 September 2021, the PCC received a complaint from another resident claiming that Panay Broadband is the only internet service provider (“ISP”) available in Providence Iloilo.
2. On 29 July 2021, the Enforcement Office issued Enforcement Advisory Letter No. EAL-2021-0012 (“EAL”) to the branch manager of Iloilo for SRDC and copy furnished the Homeowners’ Association (“HOA”) President of Providence Village 1. However, the Enforcement Office did not receive any response to the EAL.
3. On 14 October 2021, the Enforcement Office opened an Initial Assessment (“IA”) on the matter. Further to the allegations of the complainants, the IA Team confirmed that PLDT Inc. (“PLDT”), another ISP, was not allowed by SRDC to install its fixed-line internet service facilities within the subdivision.

4. On 14 July 2022, the Commission directed the Enforcement Office to conduct a preliminary inquiry (“PI”) on a possible anti-competitive agreement between SRDC and Panay Broadband for the provision internet service in Providence in violation of Section 14(c) of the PCA.
5. During the PI, the Case Team discovered the following information:
 - 5.1. There is a Memorandum of Understanding (the “MOU”) between SRDC and Panay Broadband.
 - 5.2. The MOU between SRDC and Panay Broadband does not explicitly state that Panay Broadband will be the exclusive ISP in Providence Iloilo and that SRDC shall exclude all other ISPs from entering.
 - 5.3. There is a commission and profit-sharing provision in the MOU, where Panay Broadband shall pay SRDC the following:
 - 5.3.1. Commission of 100 pesos for every successful SRDC resident application; and
 - 5.3.2. Profits share of 50 pesos for each actively paying line installed for residents in Providence Iloilo.
 - 5.4. Panay Broadband is the only ISP operating fixed-line (fiber) internet in Providence Iloilo.
 - 5.5. From at least 2020 until June 2022, any resident who wants to apply for an ISP can only subscribe to Panay Broadband, they have no other choice.
 - 5.6. PLDT has existing DSL/VVDSL facilities and subscribers in Providence Iloilo Village 3, but not in Village 1 and 2. PLDT DSL/VVDSL is no longer offered (i.e. phased out) and they are currently upgrading its existing subscribers to fiber connections.
 - 5.7. SRDC has denied entry of at least one (1) ISP, specifically PLDT, from entering and installing fiber facilities in Providence Iloilo.
 - 5.8. It is common knowledge among homeowners and residents of Providence Iloilo that there is an exclusivity deal between SRDC and Panay Broadband. Several homeowners and residents have executed Sworn Statements stating that they have received information from SRDC representatives, employees, and affiliates that there is an exclusive agreement between SRDC and Panay Broadband.
6. On 25 July 2022, the Enforcement Office issued Show Cause Order (SCO) No. 2022-003 to SRDC ordering it to “SHOW CAUSE in writing ... why no

Statement of Objections should be filed against it for violation of Section 14(c) of the PCA.”

7. On 10 October 2022, SRDC submitted an “Affidavit of Undertaking” in response to SCO No. 2022-003.
8. On 12 October 2022, the Enforcement Office concluded its PI and submitted its PI Report recommending the following:
 - 8.1. To proceed with the conduct of a Full Administrative Investigation (FAI) against SRDC and Panay Broadband for entering into an agreement that the latter shall be the exclusive internet service provider for new fixed-line connections in Providence Iloilo Subdivision in Brgy. Balabag, Pavia, Iloilo, to the exclusion of other internet service providers, which has the object or effect of substantially preventing, restricting, or lessening competition in violation of Section 14(c) of the PCA; and
 - 8.2. To continue with Show Cause Order proceedings pursuant to Show Cause Order SCO No. 2022-003.
9. On 17 October 2023, SRDC submitted, via email, the signed soft copy of Final Amended Written Proposal to the Enforcement Office, while the hard copy of the said proposal was received by the Enforcement Office on 23 October 2023.
10. On 24 October 2023, the Enforcement Office submitted a Memorandum of even date submitting the signed Final Amended Written Proposal to the Commission Proper.
11. On 31 May 2024, the Enforcement Office received an Order dated 31 January 2024 from the Commission, accepting SRDC’s Final Amended Written Proposal. The Order stated the following:

“In the *Final Amended Written Proposal*, in compliance with the *Notice* dated 17 May 2023 issued by the Commission and endorsed by the Competition Enforcement Office (CEO), **SRDC admitted the conduct alleged to be anti-competitive** in SCO No. 2022-003 and made the following commitments to address the same: (*Emphasis supplied*)

- a. Adherence to competition law in future actions;
- b. Establishment of SRDC’s Competition Policy which is composed of the following: (1) the Guiding Principles for its Competition Policy; (2) its policy for entry of Internet Service Providers in Providence Iloilo; (3) designation of a competition compliance officer; and (4) issuance of a public statement;
- c. Attendance in seminars on competition law;

- d. Payment of a settlement amount of One Hundred Fifty Thousand Pesos (Php 150,000.00); and
 - e. Submission of reports to the Competition Enforcement Office (CEO) for monitoring of commitments.”
 - 12. Monitoring of SRDC’s compliance to the commitments detailed in the Final Amended Written Proposal is now being done by the Enforcement Office.
- II. Conclusion**
- 13. Pursuant to Section 3.14 and 3.16 of the 2017 PCC Rules of Procedure, should the Entity submit a written proposal and the same is accepted and approved by the Commission, the Show Cause Order proceedings shall be terminated, and the Enforcement Office may close the investigation.
 - 14. Accordingly, on 12 October 2024, the Enforcement Office RESOLVED to CLOSE the FAI pursuant to Sections 3.14 and 3.16 of the Rules without prejudice to any other investigation with respect to the same or other possible violations of the PCA or other competition laws.
 - 15. The foregoing findings are based solely on the facts and circumstances of this investigation and relevant only to the particular issues examined herein.