



Republic of the Philippines
Department of Transportation
LAND TRANSPORTATION FRANCHISING & REGULATORY BOARD
East Avenue, Quezon City

MEMORANDUM CIRCULAR
NO. 2021 - 066

SUBJECT: LIFTING OF MORATORIUM IN THE ACCEPTANCE OF APPLICATION FOR ACCREDITATION OF TRANSPORT NETWORK COMPANY (TNC), AND PROVIDING FOR THE REQUIREMENTS THEREOF

WHEREAS, one of the powers and functions of the Land Transportation Franchising and Regulatory Board under Executive Order No. 202 is to promulgate, administer, enforce and monitor compliance of policies, laws and regulations of public land transportation services;

WHEREAS, on 5 May 2015, the Department of Transportation issued Department Order No. 2015-011 re: Further Amending Department Order No. 97-1097 to Promote Mobility, to include Transport Network Vehicle Service (TNVS) as a new denomination of Public Utility Vehicle; which also mandated the LTFRB to promulgate guidelines for the accreditation and to accredit Transport Network Companies (TNCs) pending the guidance of the legislature regarding regulation of the new type of service.;

WHEREAS, in compliance with the directive of the DOTr, the LTFRB issued Memorandum Circular No. 2015-015 on 28 May 2015, prescribing the Rules and Regulations to Govern the Accreditation of TNCs, which was later on amended by Memorandum Circular No. 2015-015-A on 23 October 2017;

WHEREAS, after receiving considerable number of applications for TNC Accreditation, and in order to allow the Board to closely monitor the operation of existing TNCs, Memorandum Circular No. 2018-016 was issued on 10 August 2018 suspending the acceptance of new applications for TNC Accreditation;

WHEREAS, three (3) years have passed since the moratorium on the acceptance of TNC Accreditation was imposed, only three (3) TNCs have renewed their Certificate of Accreditation, four (4) have pending application for renewal, two (2) have not filed their application for renewal, and six (6) TNCs whose application were denied;

WHEREAS, perused from the Monitoring Report of the Franchise Planning and Management Division (FPMD), one TNC overwhelmingly holds the highest number of accredited TNVS and Taxis, and has been dominating the market in terms of bookings and ridership;

WHEREAS, in the report submitted by the TNC Pre-Accreditation Committee, after it conducted a thorough review on the status of operations of existing TNCs, it appears that TNCs are only concerned or focused on the accreditation aspect of TNVS/Taxis

without having to consider their responsibility to constantly monitor their accredited TNVS/Taxis for reporting purposes, as required by the Board;

WHEREAS, also cited in the TNC Pre-Accreditation Committee Report that while only one TNC remains popular and is dominating the market, other TNCs appeared to be not operationally capable to assume the responsibilities as TNC, taking into consideration the kind of office space they occupy; the number of personnel they employed; and the existence of monitoring facility for the round-the-clock monitoring of their accredited TNVS/Taxis;

NOW THEREFORE, for and in consideration of the foregoing, in uniformly applying the existing policies of the Board, while giving the new entrants the opportunity to apply, thus, inviting healthy competition among TNCs, the moratorium on the acceptance of Application for Accreditation as TNC is hereby **LIFTED**. Upon the effectivity of this MC, the Board shall start accepting new applications for TNC Accreditation, subject to the following updated requirements:

I. APPLICATION FOR ACCREDITATION

1. Letter of Intent with the following details:

- a. Full Name (if the applicant is an individual) or Corporate Name (if Corporation);
- b. Business Address;
- c. Business E-mail Address;
- d. Business Telephone Number;
- e. DTI Business Name (if sole proprietorship)

2. Proof Filipino Citizenship

- a. For individual Applicant, must be Filipino Citizen, who shall submit a Birth Certificate, or
- b. For Corporation/partnership, sixty percent (60%) of the capital stock or paid-up capital must be owned by Filipino Citizens, which must be duly supported by a Certificate of Registration of Incorporation/Partnership issued by the Securities and Exchange Commission (SEC) and Articles of Incorporation/Partnership and By-Laws with primary purpose as TNC or Transportation;

3. Proof Financial Capability to Sustain the Operation of TNC And To Pay All Judgments And Awards That May Be Rendered For Any Cause Arising Out of the Operation as TNC

- a. Proof of Bank Deposit (except time deposit) with at least Five Million pesos (Php5,000,000.00);
- b. Audited Financial Statements by an Independent Auditor

4. Other Requirements:

a. For Individual Applicant

1. Business Name Registration issued by the Department of Trade and Industry

b. For Corporation/Partnership

1. Secretary's Certificate of the Board/Partnership Resolution authorizing the representative to sign the Application for Accreditation for and in behalf of the corporation/partnership; and
2. Secretary's Certificate of Incumbent Corporate/Partnership Officers and List of Directors/Partners;

5. Additional Requirements

- a. Complete Description of Business Model;
- b. Established physical office with Monitoring Facility capable of generating daily report relative to the operation of their accredited TNVS/Taxis, such as but not limited to active TNVS/Taxis, bookings and ridership. A monthly report shall be submitted to the Board every 5th day of the following month.
The monitoring facility (physical office) must also be capable to entertain/serve drivers or passengers who may opt to do face to face transactions with the applicant-company.
- c. Business Permit duly issued by the local government where the applicant's principal place of business is located;
- d. Certificate of Registration duly issued by the Bureau of Internal Revenue, indicating the line of business as TNC or Transportation; Latest Income Tax Return (ITR) as a requirement for renewal of accreditation;
- e. Sample Copy of the Electronic Receipt issued to the passenger at the completion of a ride;
- f. Process of Accrediting/Affiliating vehicles Transportation Network Vehicle Service (TNVS)/Taxi vehicle;
- g. Process of Accrediting/Affiliating TNVS/Taxi drivers;
- h. Terms of Service for Passengers;
- i. Terms of Service for TNVS Operators;
- j. The Trade Dress;
- k. Marketing Plan/Strategy to promote its brand;
- l. The Proposal Fare Rates and/or Service Charges;
- m. The Proposal for the Establishment of a Drivers' Training Program only for TNCs utilizing TNVS units;
- n. Undertaking of the applicant to comply with the Terms and Conditions for a Certificate of TNC Accreditation, as attached;

- o. Complaint Mechanism facility capable of generating monthly report to be submitted to the Board relative to complaints/reports against its accredited TNVS vehicle and driver, indicating therein the actions taken and recent status of the complaint.
- p. Sufficient number of employees, including IT personnel with their names, necessary to assume the responsibility as TNC.

II. ACCREDITATION FEE

There shall be a non-refundable Accreditation Fee in the amount of Thirty Thousand Pesos (Php 30,000.00). Said fee shall be paid before filing of the Application for the Issuance of the Certificate of TNC Accreditation. The same amount shall be paid for the renewal of accreditation.

IV. VALIDITY & REVIEW OF THE CERTIFICATE OF TNC ACCREDITATION

The Certificate of TNC Accreditation shall be issued to any applicant, who/that complies with all the requirements prescribed above, with validity period of two (2) years from issuance thereof, which may be renewed, cancelled, or suspended, subject to the compliance of the requirements herein prescribed and existing policies, rules, regulations and orders of the Board.

Accredited TNCs shall be subject to a periodic performance review by the Pre-Accreditation Committee every six (6) months from the date of accreditation, in accordance with the Board Resolution No. 087, series of 2021 and this MC.

The Certificate shall be non-transferable.

V. LIABILITY

The TNC shall exercise due diligence of a good father of a family in accrediting and supervising its TNVS partners and drivers. The TNC shall be held liable for acts or omissions committed by its TNVS while online, except if the same is beyond the TNC's control.

VI. SUBMISSION OF APPLICATION

Upon effectivity of this Circular, any interested applicant may file an Application, together with all the required documents, only before the Committee, through the Office of the Executive Director. Any Applicant who/that fails to submit or comply with any of the requirements prescribed above without any justifiable reason shall be disapproved outright without any need of further evaluation.

VII. REPEALING CLAUSE

All other issuances inconsistent herewith are deemed modified or superseded accordingly.

This Memorandum Circular shall take effect immediately following its publication in at least one (1) newspaper of general circulation. Let three (3) copies hereof be filed with the UP Law Center - Office of National Administrative Registrar (ONAR).

SO ORDERED.

APPROVED AND ADOPTED THROUGH TELECONFERENCE
on NOV 12 2021, Quezon City, Philippines

ATTY. MARTIN B. DELGRA III
Chairman



P/Col. JOEL C. PERNITO (Ret.)
Board Member

ENGR. SHERWIN MYLIL S. BEGYAN
Board Member

Attested by:

MARIA KRISTINA E. CASSION
Executive Director