

Multi-Level Marketing and Pyramid Selling (Excluded Schemes and Arrangements) Order

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Legislative History

MULTI-LEVEL MARKETING AND PYRAMID SELLING (PROHIBITION) ACT (CHAPTER 190, SECTION 2(2))

MULTI-LEVEL MARKETING AND PYRAMID SELLING (EXCLUDED SCHEMES AND ARRANGEMENTS) ORDER

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G.N. No. S 248/2000

REVISED EDITION 2002

(31st January 2002)

[1st June 2000]

Citation

1. This Order may be cited as the Multi-Level Marketing and Pyramid Selling (Excluded Schemes and Arrangements) Order.

Excluded schemes and arrangements

2.—(1) The definition of “pyramid selling scheme or arrangement” in section 2 of the Act shall be taken not to include any of the following schemes or arrangements:

- (a)** any scheme or arrangement comprising insurance business, or any class of insurance business, so long as every insurer and every insurance

intermediary participating in the scheme or arrangement is registered, licensed, approved or otherwise so entitled to act under the Insurance Act (Cap. 142), the Insurance Intermediaries Act (Cap. 142A), or the regulations made thereunder;

- (b) any master franchise scheme or arrangement, or any class of such scheme or arrangement, whereby a person is given the right to sub-franchise a franchise, subject to the scheme or arrangement satisfying the terms and conditions in sub-paragraph (c)(ii), (iii), (iv) and (vi);
- (c) any scheme or arrangement, or any class of such schemes or arrangements, which satisfies the following terms and conditions:
 - (i) a person shall not be required to provide any benefit or acquire any commodity in order to participate in the scheme or arrangement, other than the purchase of sales demonstration equipment or materials at a price not exceeding their cost which are not for resale and for which no commission, bonus or any other advantage will be given to any person;
 - (ii) any benefit received —
 - (A) by any promoter of, or participant in, the scheme or arrangement accrues as a result of the sale, lease, licence or other distribution of a commodity to any other person; or
 - (B) by any promoter of the scheme or arrangement accrues as a result of the performance of one or more participants in relation to the sale, lease, licence or other distribution of a commodity to any other person;
 - (iii) subject to sub-paragraph (ii), no benefit shall be received by any person as a result of the introduction or recruitment of one or more persons to be participants in the scheme or arrangement;
 - (iv) a promoter of the scheme or arrangement shall not make, or cause to be made, any representation to any person that benefits will accrue under the scheme or arrangement in a manner other than as specified in sub-paragraph (ii);
 - (v) a promoter of the scheme or arrangement shall, in respect of any representation relating to the actual or potential accrual of any benefit under the scheme or arrangement, maintain fair and accurate records of the maximum, minimum, median, average