

DIRECT SELLING INDUSTRY IN SINGAPORE

Guidelines for setting up direct selling company



TRENDS

Direct selling continues to be sustained by growing health consciousness in Singapore. As consumers pay more attention to their health and wellbeing, they are likely to spend more on products that are designed for such purposes. These include consumer healthcare items like nutritional supplements, beauty products that are anti-ageing and water purifiers/filtration systems. As these products tend to be strong in direct selling, their popularity helped to generate stable value sales in 2015.

PROSPECTS

Direct selling is expected to see a CAGR of 2% at constant 2015 prices over the forecast period. Growth is likely to be sustained by consumers who prefer to purchase products based on recommendations by family members or friends as they deem such sources more trustworthy. Some consumers also prefer direct selling agents as they are usually more willing to help their customers more with their purchases eg providing home delivery, giving detailed recommendations on what products to buy, and so on.

GOVERNMENTAL CONTROL BODIES

MINISTRY OF TRADE & INDUSTRY (MTI)

- ✓ MTI directs the formulation of policies related to the development of trade and industry in Singapore.

<https://www.mti.gov.sg>

HEALTH SINGAPORE AUTHORITY (HSA)

- ✓ The scope of HSA's work spans a wide spectrum of scientific and professional functions. Restructured into three main groups, the Health Products Regulation Group, the Blood Services Group, and the Applied Sciences Group, HSA carries out its mission:
 - To wisely regulate health products to meet standards of safety, quality and efficacy.
 - To serve the administration of justice through its capabilities in forensic medicine, forensic science and analytical chemistry testing.
 - To secure the nation's blood supply by ensuring a safe and adequate blood supply for public and private hospitals. These functions support other regulatory and compliance agencies in protecting public health and safety.

www.hsa.gov.sg

GOVERNMENTAL CONTROL BODIES

AGRI-FOOD & VETERINARY AUTHORITY OF SINGAPORE (AVA)

- ✓ AVA is the national authority on food safety for both primary and processed food. AVA ensures the safety of all food from production to just before retail. AVA adopts a science-based risk analysis and management approach based on international standards to evaluate and ensure food safety.

[www.//ava.gov.sg](http://www.ava.gov.sg)

THE ACCOUNTING AND CORPORATE REGULATORY AUTHORITY (ACRA)

- ✓ ACRA is the national regulator of business entities, public accountants and corporate service providers in Singapore. ACRA also facilitates the development of business entities and the public accountancy profession.

<http://www.acra.gov.sg>

DIRECT SELLING IN SINGAPORE

Current Legislative Approach

In May 2000, the Ministry of Industry and Trade, Singapore finally allowed direct selling companies to conduct their businesses in Singapore. No license is required to start a direct selling business. In order to ensure that proper direct selling business is carried out in Singapore, the ministry published the **MULTI-LEVEL MARKETING AND PYRAMID SELLING (PROHIBITION) ACT (CHAPTER 190)** and the **MULTI-LEVEL MARKETING AND PYRAMID SELLING (EXCLUDED SCHEMES AND ARRANGEMENTS) ORDER 2000**.

A Legitimate Business

Any direct selling wanting to start its business in Singapore will hire its own lawyers to run through the legislations to ensure that the company's system and structure do not violate any part of the legislation. Once everything is in order, the company will register with the Registry of Company through ACRA to run the business in Singapore like any other entity. The authorities will only step in to investigate, should they receive complaints from the public, and will close down the operations if it finds the company flouting the law. With such a set of stringent guidelines, more and more legitimate network marketing businesses continue to be established here in Singapore, allowing Singaporeans to create another source of income.

DIRECT SELLING IN SINGAPORE

At present, the **Direct Selling Association of Singapore** requires its member companies to adhere to a Code of Ethics and Conduct (which is supported by the MTI & CASE). This Code sets out certain principles and practices governing business activities of members, which serve to look after the interests of both consumers and participants. The Consumers Association of Singapore has also taken an active interest in educating the public and protecting the rights of consumers on direct selling related issues. DSAS is also CASETRUST-DSAS joint accreditation scheme for direct selling business. CaseTrust is the accreditation arm of the CASE and is Singapore's de facto standard for companies who wish to demonstrate their commitment to fair trading and transparency to consumers. <https://www.case.org.sg>

MEMBERSHIP WITH DIRECT SELLING ASSOCIATION OF SINGAPORE (DSAS)

DSAS ensures the legitimacy and good reputation of our member companies. We require candidates for membership to pass through stringent admission criteria. A company will be placed on a probation period of 6 months before they can be considered as a potential DSAS member. After this period, we would require satisfactory legal opinion. We also adhere to a very strict code of ethics that incoming members are to abide

THANK YOU