

Criterion for Multi-level Marketing Enterprises Filing Reports for Record or Amendment

Enacted and promulgated on 1 May 2014
by Fair Trade Commission Decree Kung Jing Tzu No. 10314604591
Amended and Promulgated Appendix 3 and Appendix 4 of Article 4 on 30 December 2022
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Amended and Promulgated Appendix 1 and Appendix 2 of Article 3 on 18 August 2023
by Order of Fair Trade Commission Decree Kung Jing Tzu No. 1121460839

Article 1

This criterion is enacted in accordance with Article 8 of Multi-Level Marketing Supervision Act (hereinafter referred to as the Act).

Article 2

Multi-level Marketing enterprises (hereinafter referred to as MLM enterprises), when required to file for record or amendment, should complete the application process on their own initiative through the "Multi-Level Marketing Administration System" (hereinafter referred to as "the Administration System") with electronic documents. However, in the event that any of the following situations is applicable, paper-based written reports may be submitted in lieu thereof:

1. when the Administration System is experiencing unscheduled downtime or is otherwise not in normal operation;
2. MLM enterprises, which are unable to use the Administration System for reasons of force majeure or other special considerations, apply in writing to the competent authority and received advance approvals;
3. other circumstances approved by the competent authority.

Article 3

MLM enterprises, when they are eligible to file for record or amendment by paper-based written reports in accordance with the proviso to the preceding Article, should submit their application with the Filing Reports for Record Form and Filing Reports for Amendments Form.

The paper-based application forms for reports filing for record and amendment are attached as Appendix 1 and Appendix 2.

Article 4

MLM enterprises may log in on to the Administration System by any one of the following means:

1. Certificated entry login: by use of an economic affair certificate authenticated by the Ministry of Economic Affairs; or
2. User account login: with the user account and password applied in writing to the competent authority. The application should be completed on the password application form, with the

official corporate seal affixed thereon, and the personal seal of the representative or responsible person, as well as submitted along with the documents pertaining to the corporation and business registration. The password application form is attached as Appendix 3.

Article 5

MLM enterprises, when filing report for record and amendment through the Administration System according to the requirements set forth in Paragraph 1 of Article 6 and Paragraph 1 of Article 7 of the Act, should fill in the blank item by item according to the format stipulated in the Administration System by the competent authority.

MLM enterprises, providing information required in Paragraph 1 of Article 6 and Paragraph 1 of Article 7 of the Act, should submit their documents and materials by electronic files. In addition, the format of the files, size of the files, and methods of electronic submissions should all comply with the rules of the competent authority.

Article 6

MLM enterprises, when filling report for record and amendment in writing according to the proviso of Article 2 of this Criterion, should log in on to the Administration System and complete resubmission within 7 days after such obstruction ends.

Article 7

Where the resubmitted content of electronic documents filed according to Paragraph 1 of Article 6 conflict with the written ones submitted by MLM enterprises, the written ones shall govern.

Article 8

MLM enterprises, without completing filing for report, amendment or resubmission thereto in accordance with Articles 5 or 6 of this Criterion, shall not be permitted to further amendment through the Administration System.

Article 9

When receiving filing for report, amendment or resubmission through the Administration System, the component authority may issue the responses, notices for supplementation or correction, or rejection notices in electronic form solely rather than written ones.

The receipt time of the response or notice from the component authority noted in the preceding paragraph is the time when the electronic document enters the MLM enterprise's electronic mail system.

Article 10

When the MLM enterprise's submission is completed through the Administration System, the receipt time of filing is the time the electronic documents enter the competent authority's information system.

Article11

MLM enterprises shall ensure that the email accounts they provide are fully capable and operating normally to receive emails, and should timely review the responses and notices from the competent authority after transmitted electronic documents through the Administration System.

Article12

MLM Enterprises shall apply for a replacement password in accordance with Paragraph 2 of Article 4 of this criterion when the password of the Administration System approved by competent authority is missing.

Article 13

This criterion will be enforced from the date of promulgation.

Appendix 1

Multi-Level Marketing Enterprise Filing Reports for Record Form

In accordance with the requirements set forth in Paragraph 1 of Article 6 of the Multi-Level Marketing Supervision Act, the following documents and materials are required to be filed for record.

1. Enterprise documentation (the information provided in attachment item ____). The date of commencement of multi-level marketing operations (Year/ Month/ Day): ____/____/____.
2. The addresses and telephone numbers of the main office and other locations where business is conducted (the information provided in attachment item ____).
3. A copy of the written participation agreement to be signed with participants (including operation manuals, rules or plans, and the information provided in attachment item ____).
 - (1) The multi-level marketing plans and conditions of participation (page ____).
 - (2) The related regulations governing multi-level marketing (page ____).
 - (3) The clause of warranties against defects relevant to the goods or services (page ____).
 - (4) The rights and obligations of the participants set forth in Articles 20, 21 and 22 of the Multi-Level Marketing Supervision Act or more favorable provisions (page ____).
 - (5) The methods for handling of goods returning requested by a participant when the contract is terminated because of the participant's violation of business rules or plans, or breaches as referred in Paragraph 1 of Articles 15 of the Multi-Level Marketing Supervision Act, or other reasons attributable to participants (page ____).
 - (6) Policies and procedures regarding breaches of the contract by the participant (page ____).
 - (7) The written consent from the legal representative when recruiting a person with limited capacity to be participants (page ____). (The template for parental/guardian consent form is attached as Appendix 4)
 - (8) The calculation methods, criterion and reasons when a multi-levels marketing enterprise deduct the devaluation amount from the price in repurchasing the goods or services pursuant to the later sentence of Paragraph 3 of Articles 21 or Article 24 of the Multi-Level Marketing Supervision Act (page ____).
 - (9) The conditions for renewal of contracts and the method of handling when the contracts stipulate specific period of participation (page ____).
4. Estimation for the highest percentage for the total commissions, bonuses, or other economic benefits noted above within the overall sales income is ____%. (including detailed calculation methods).
5. Documents and information related to the items, prices, sources of the products or services, the evidence of the marketing practices in compliance with laws and regulations other rather than this Act or having ex-ante approval issued by competent authorities, and bonus point systems (the information provided in attachment item ____).

Enterprise Filer: _____

Uniform Invoice Number: _____

Official seal : _____

Email address: _____

Representative/Legally responsible person: _____

Personal seal: _____

Contact person: _____

Contact telephone number: _____

Date of Filing Reports for Amendment: (Year/ Month/ Day)_____/_____/_____

Multi-Level Marketing Enterprise Filing Reports for Amendments of Record Form

In accordance with the requirements set forth in Paragraph 1 of Article 7 of the Multi-Level Marketing Supervision Act, the following documents and materials are required to be submitted for amendments of record.

Date on which the alterations are to take effect: (Year/ Month/ Day) ____/____/____

Supplemental matters: please check the appropriate box to indicate which matters are being supplemented and number the attachment items. The attachments should also clearly state the contents of the pre-amendment matters and the amendments thereto, and the nature of the amendments (see the attached form below).

- ☐ 1. Enterprise documentation (the information provided in attachment item ____).
- ☐ 2. The addresses and telephone numbers of the main office and other locations where business is conducted (the information provided in attachment item ____).
- ☐ 3. A copy of the written participation agreement to be signed with participants (including operation manuals, rules or plans, and the information provided in attachment item ____).
 - (1) The multi-level marketing plans and conditions of participation (page ____).
 - (2) The related regulations governing multi-level marketing (page ____).
 - (3) The clause of warranties against defects relevant to the goods or services (page ____).
 - (4) The rights and obligations of the participants set forth in Articles 20, 21 and 22 of the Multi-Level Marketing Supervision Act or more favorable provisions (page ____).
 - (5) The methods for handling of goods returning requested by a participant when the contract is terminated because of the participant's violation of business rules or plans, or breaches as referred in Paragraph 1 of Articles 15 of the Multi-Level Marketing Supervision Act, or other reasons attributable to participants (page ____).
 - (6) Policies and procedures regarding breaches of the contract by the participant (page ____).
 - (7) The written consent from the legal representative when recruiting a person with limited capacity to be participants (page ____). (The template for parental/guardian consent form is attached as Appendix 4)
 - (8) The calculation methods, criterion and reasons when a multi-levels marketing enterprise deduct the devaluation amount from the price in repurchasing the goods or services pursuant to the later sentence of Paragraph 3 of Articles 21 or Article 24 of the Multi-Level Marketing Supervision Act (page ____).
 - (9) The conditions for renewal of contracts and the method of handling when the contracts stipulate specific period of participation (page ____).
- ☐ 4. Estimation for the highest percentage for the total commissions, bonuses, or other economic benefits noted above within the overall sales income is ____%. (including detailed calculation methods).
- ☐ 5. Documents and information related to the items, prices, sources of the products or services ,

the evidence of the marketing practices in compliance with laws and regulations other rather than this Act or having ex-ante approval issued by competent authorities, and bonus point systems (the information provided in attachment item ____).

Enterprise Filer: _____

Uniform Invoice Number: _____

Official seal : _____

Email address: _____

Representative/Legally responsible person: _____

Personal seal: _____

Contact person: _____

Contact telephone number: _____

Date of Filing Reports for Amendment: (Year/ Month/ Day)_____/_____/_____

Attachment item_____

Pre-amendment Contents	
Contents of the amendments	
Explanation of the amendments	
Notes	

Multi-Level Marketing Registration Administration System Password Application Form

Enterprise Name	
Uniform Invoice Number	
Location	
representative/Legally Responsible Person	
Application type	<input type="checkbox"/> initial application <input type="checkbox"/> application for a new password
Official Seal of the Enterprise and the Representative/Legally Responsible Person	
<p>Note 1: Please provide the documents pertaining to the corporation and business registration.</p> <p>Note 2: After printing out this form, please complete it fully and affix the required seals, then send it by post to “Fair Trade Commission, 12F, No. 2-2 Jinan Rd., Sec. 1, Zhongzheng District, Taipei City 100219”</p>	

Appendix 4

Affidavit of Parental/Guardian Consent

The undersigned consenting parent/guardian, _____, do hereby agree that my minor son/daughter/other_____ (the participant)_____ (Birth date is ____/____/_ ____), and the multi-level marketing enterprise (the name of the enterprise being) _____ have entered into a written participation agreement, providing that he/she/other_____ shall be a participant thereunder.

Consenting Parent/Guardian:

Address:

Note: This written consent shall be filled in while recruiting a person with limited capacity (with an age between 7 and 18 years).