

# Prohibition of multi-level marketing in Myanmar

October 18, 2018

The Ministry of Commerce announced the prohibition of multi-level marketing in Notification No. 46/2018 dated 18 September 2018 (the Notification).

The Notification does not contain details on the definition of multi-level marketing or the specific activities that are prohibited under the Notification, but simply states that multi-level marketing is prohibited by the date of the Notification. It is also unclear how the prohibition will be implemented. The prohibition appears to be a broad one at this juncture to stop multi-level marketing activities across the board whilst the Ministry of Commerce decides how to proceed moving forward. There is no indication whether the prohibition will be a temporary one.

The intent and objective of the Notification is to stop all multi-level marketing activities and related transactions, in particular the pyramid sales model where profits are not shared equally across the various level of salespersons. The Ministry of Commerce has clarified that companies with wholesale and/or retail trading licenses can carry out wholesale and/or retail trading activities (as permitted under their respective trading licenses) insofar as they do not involve multi-level marketing activities.

Companies with wholesale and retail licenses previously carrying out multi-level marketing can proceed to carry out wholesale and retail trading without any multi-level marketing activities. They can carry out direct sales over the counter or via an e-commerce or online shopping platform. They can also do direct wholesale distribution to resellers. There is no need to obtain approval from or consent of the Ministry of Commerce. However, we would recommend that companies identified by the Ministry of Commerce as an MLM firm previously notify the Ministry of their business and operations, which do not involve any MLM activities, before proceeding with their wholesale and retail trading activities.

The Dentons Myanmar team is currently advising clients on the Notification, and is liaising with the Ministry of Commerce on issues relating to the Notification.

## Your Key Contacts



**John Dick**  
Partner, Singapore  
D +65 6885 3642  
[john.dick@dentons.com](mailto:john.dick@dentons.com)



**Ling Yi Quek**  
Resident Partner, Singapore  
D +65 6885 3766  
[lingyi.quek@dentons.com](mailto:lingyi.quek@dentons.com)