Direct Selling
Association of
Singapore

25 September 2026

Editor-in-Chief / Editorial Team
Channel NewsAsia (CNA)
Mediacorp Campus, 1 Stars Avenue,
Singapore 138507

By Email: digitalnews@mediacorp.com.sg/Mail

Dear Sirs

1. ARTICLE TITLED: "CNA EXPLAINS: WHAT ARE PYRAMID SCHEMES AND HOW DO THEY WORK" PUBLISHED ON CNA ON 4 SEPTEMBER 2026 (UPDATED 5 SEPTEMBER 2026) ("ARTICLE")

2. CLARIFICATION AND CONTEXTUAL REFINEMENT CONCERNING THE DISTINCTION BETWEEN LEGITIMATE DIRECT SELLING AND ILLEGAL PYRAMID/PONZI SCHEMES

The Direct Selling Association of Singapore ("DSAS") represents the direct selling industry in Singapore. We are a national trade association founded by reputable direct selling enterprises. DSAS was gazetted on 8 October 1976 and formed specifically to represent the interest of legitimate direct selling companies operating in Singapore. We serve as a platform for member companies to meet regularly, discuss matters of mutual interest, and interact with counterpart organisations internationally. DSAS is an affiliate of the World Federation of Direct Selling Associations (WFDSA) and an Institutional Member of the Consumers Association of Singapore (CASE).

Our excellent working relationship with CASE is built on mutual trust and respect, established over five decades of safeguarding consumer interests and upholding market integrity. DSAS recently commemorated its 50th Anniversary, where Minister for Health Mr. Ong Ye Kung graced the occasion as Guest-of-Honour, underscoring our long-standing statutory and public recognition in Singapore. Our vision is to maintain an ethical marketplace for direct selling in Singapore through robust industry self-regulation, consumer protection, and continuous public education. We have maintained an unblemished track record over the past 50 years.

We are duly authorised to submit this clarification on behalf of our members.

While we appreciate CNA's initiative to educate the public on fraudulent financial schemes and acknowledge the legal insights provided by external experts quoted in your report, our members are concerned that aspects of the article risks causing confusion. Specifically, the framing of "Multi-Level Marketing" (MLM) alongside "Pyramid" and "Ponzi" schemes may lead readers to inadvertently conflate legal, well-regulated direct selling structures with illegal financial scams and create the impression that distributors earn income from recruitment, and/or that MLM businesses in Singapore are all "illegal".

To ensure complete accuracy and for public clarity, we wish to highlight the following key distinctions:

1. **Distinguishing Legitimate Multi-Level Compensation from Illegal Pyramid Schemes**

   The article headline pairs "Illegal Multi-Level Marketing (MLM)" with pyramid and Ponzi schemes. In Singapore, Multi-Level Marketing is a recognized distribution and compensation framework. Under the Multi-Level Marketing and Pyramid Selling (Prohibition) Act (Cap. 190), MLM structures are unlawful only if they operate as prohibited pyramid schemes where compensation is tied to recruitment rather than genuine sales. Under the Multi-Level Marketing and Pyramid Selling (Prohibition) (Excluded Schemes and Arrangements) Order, legitimate direct selling companies that reward independent distributors based on actual sales of products and services in accordance and in compliance with the Order are completely permissible under Singapore law.

   Joining a legitimate direct selling enterprise is subject to rigorous governance. DSAS member companies enforce strict compliance policies and codes of conduct, carrying strict sanctions—including termination—for distributor misconduct. Furthermore, companies seeking DSAS membership must undergo extensive legal and operational scrutiny, including endorsement by accredited legal counsel and review by industry experts to verify that compensation plans derive strictly from product sales.

2. **Essential Consumer Protections and Genuine Product Value**

   The Article rightly notes that illegal schemes often feature non-existent products or use token items as a front. However, it is vital to emphasize that genuine direct selling is anchored in tangible, high-quality products with real market value. In Singapore, DSAS member companies strictly adhere to statutory consumer protection standards under the Consumer Protection (Fair Trading) Act (CPFTA) as well as the DSAS Code of Ethics, which mandate:

   a. A mandatory 7-day cooling-off period allowing consumers to cancel contracts without penalty;
   b. A 90% inventory buy-back policy for distributors seeking to exit the business;
   c. Strict prohibitions against high entry fees, mandatory large inventory purchases, or headhunting bonuses.

   These operational safeguards are the structural hallmark of legitimate direct selling and are entirely absent in fraudulent schemes.

3. The Role of Direct Selling in Singapore's Economy

Direct selling is a legitimate and established sales channel that provides micro-entrepreneurship and flexible earning opportunities to thousands of Singaporeans. Legitimate MLM structures are simply compensation mechanisms that reward distributors for personal sales and for coaching downline teams in genuine sales activities. Direct selling companies contribute meaningfully to Singapore's product distribution channel and consumer choice, underpinned by self-regulatory standards enforced by DSAS since 1976.

Direct Selling Association of Singapore

4. **Regulatory Vigilance and Fundamental Distinction from Ponzi Schemes**

   DSAS fully supports the vigilant enforcement actions taken by the Singapore Police Force (SPF), Commercial Affairs Department (CAD), Monetary Authority of Singapore (MAS), and Competition and Consumer Commission of Singapore (CCCS) against financial scams. It is crucial to highlight that Ponzi schemes represent pure financial investment fraud involving no legitimate commercial underlying product, where returns to early investors are paid strictly from funds contributed by subsequent investors. Legitimate direct selling bears no operational resemblance to such fraudulent vehicles.

Conclusion and Way Forward

We respectfully submit that clearer delineation between illegal financial schemes and legitimate, law-abiding direct selling businesses is essential to avoid public misconception. Generalizing direct selling under the broad umbrella of illegal activity unfairly harms legitimate businesses, independent distributors, and the broader industry.

We invite the CNA editorial team to review our published consumer guidelines and list of accredited member companies on our official website (*www.dsas.org.sg*). Additionally, we would welcome the opportunity to meet with your editorial team for an informative briefing on direct selling operations and regulatory compliance in Singapore.

In the interest of balanced reporting, public clarity, and fair journalism, we kindly request that CNA publish this clarification or incorporate these contextual distinctions into updated coverage of the topic.

Thank you for your attention to this matter. We look forward to your positive response.

Yours faithfully

Executive Committee
Direct Selling Association of Singapore (DSAS)