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GOVERNMENT NOTICE

DEPARTMENT OF COMMERCE

No. R. 2418. 29 December 1972.

**PRICE CONTROL ACT, 1964.—MULTI-LEVEL
MARKETING**

I, Gabriël Joseph Johannes Fourie Steyn, Price Controller, do hereby by virtue of the provisions of sections 9, 12 and 15 of the Price Control Act, 1964 (Act 25 of 1964), prescribe, with effect from the date 30 days after the publication hereof, as follows:

1. In these regulations, unless the context otherwise requires—

(i) "distributor" means any independent contractor who, in the capacity of natural person, performs the function of distributing the goods of any multi-level marketing company or of the recruitment of other distributors for the multi-level marketing company, or both those functions;

(ii) "goods" include any card, token or document which entitles or purports to entitle the holder thereof to receive directly or indirectly a discount or rebate in connection with the purchase and sale of goods; and

(iii) "multi-level marketing company" means any business or undertaking which markets goods for profit through distributors who may recruit other distributors, and which has an agreement, arrangement or understanding with its distributors in terms of which such distributors are or may be entitled to commissions, bonuses, refunds, discounts or other considerations as a result of either—

(a) the sale of goods by any distributor himself or by other distributors recruited by him; or

(b) recruitment by any distributor of one or more additional distributors; or

(c) any combination of the grounds mentioned in paragraphs (a) and (b).

GOEWERMENTSKENNISGEWING

DEPARTEMENT VAN HANDEL

No. R. 2418 29 Desember 1972

**WET OP PRYSBEHEER, 1964.—VEELVLAKKIGE
BEMARKING**

Ek, Gabriël Joseph Johannes Fourie Steyn, Pryscontroleur, bepaal hierby kragtens artikels 9, 12 en 15 van die Wet op Prysbeheer, 1964 (Wet 25 van 1964), met ingang vanaf die datum 30 dae na die publikasie hiervan, soos volg:

1. In hierdie regulasies, tensy die samehang anders ver-
eis, beteken—

(i) "distribueerder" 'n onafhanklike kontraktant wat, in die bevoegdheid van 'n natuurlike persoon, die funksie van distribusie van goedere van 'n veelvlakkige bemarkingsmaatskappy, of van die werwing van ander distribueerders vir die veelvlakkige bemarkingsmaatskappy, of albei daardie funksies, vervul;

(ii) "goedere" ook 'n kaart, teken of dokument wat die houer daarvan geregtig, of heet te geregtig, om regstreeks of onregstreeks 'n diskonto of afslag in verband met die koop en verkoop van goedere te ontvang; en

(iii) "veelvlakkige bemarkingsmaatskappy" 'n besigheid of onderneming wat goedere vir wins bemark deur distribueerders wat ander distribueerders mag werf, en wat 'n ooreenkoms, reëling of verstandhouding met sy distribueerders het waarvolgens sodanige distribueerders geregtig is of mag wees op kommissies, bonusse, terugbetalings, diskonto's of ander beloning op grond van—

(a) of die verkoop van goedere deur 'n distribueerder self of deur ander distribueerders wat deur hom gewerf is;

(b) of die werwing deur 'n distribueerder van een of meer bykomstige distribueerders;

(c) of 'n kombinasie van die gronde in paragrafe (a) en (b) vermeld.

2. No multi-level marketing company shall sell any goods on conditions in terms of which any of its distributors may recruit further distributors unless such multi-level marketing company has furnished the Price Controller with—

(a) a statement which contains information as to—

(i) the full name and business address as well as the business telephone number of the multi-level marketing company;

(ii) the form of its business or undertaking, that is to say, whether it is a company, a partnership or otherwise; and

(iii) the names and addresses of each member of its management or board of directors; and

(b) copies of the contracts proposed for use between the multi-level marketing company and its distributors in the Republic of South Africa.

3. No multi-level marketing company and no distributor shall sell any goods on conditions in terms of which—

(a) any distributor is required to pay to any multi-level marketing company, or to any business or undertaking affiliated with any multi-level marketing company, or to any distributor any consideration in order to participate in the marketing programme of any multi-level marketing company or with regard to any training course which he undergoes or may undergo in connection with the participation in the marketing programme of any multi-level marketing company; or

(b) any distributor is required to purchase goods in order to participate in the marketing programme of any multi-level marketing company, unless the multi-level marketing company, in an agreement in writing with the distributor, has agreed that—

(i) the contract with the distributor may be cancelled by him by notification in writing to the multi-level marketing company at its registered office within seven days of the date of execution of the contract, and that all goods acquired directly or indirectly from the multi-level marketing company and then still in possession of the distributor shall be repurchased by the multi-level marketing company at the prices paid therefor by the distributor; and

(ii) the multi-level marketing company shall, if any distributor gives such company 30 days notice in writing at its registered office of his intention or desire to rescind from the contract, repurchase all goods acquired directly or indirectly from such company and then still in the possession of the distributor at prices not less than 80 per cent of the original prices paid for the goods by the distributor; or

(c) the agreement referred to in paragraph (b) does not contain in print in both the official languages the provisions of the said paragraph; or

(d) the multi-level marketing company shall be entitled to cancel any agreement with any distributor on the grounds of a breach of the agreement by the distributor, unless—

(i) previously a notice calling on the distributor to remedy the breach within a period of not less than 14 days from the receipt of the notice has, by or on behalf of the multi-level marketing company, been delivered to the distributor personally, or has been sent to him by prepaid registered post in which case it shall be

2. Geen veelvlakkige bemarkingsmaatskappy verkoop enige goedere op voorwaardes waarvolgens enige van sy distribueerders verdere distribueerders mag werf nie, tensy sodanige veelvlakkige bemarkingsmaatskappy die Prys-kontroleur voorsien het van—

(a) 'n staat wat inligting bevat ten opsigte van—

(i) die volle naam en besigheidsadres asook die besigheidstelefoonnommer van die veelvlakkige bemarkingsmaatskappy;

(ii) die vorm van sy besigheid of onderneming, dit wil sê, of dit 'n maatskappy, 'n vennootskap of iets anders is; en

(iii) die name en adresse van elke lid van sy bestuur of raad van direkteure; en

(b) afskrifte van die kontrakte wat vir gebruik tussen die veelvlakkige bemarkingsmaatskappy en sy distribueerders in die Republiek van Suid-Afrika voorgestel word.

3. Geen veelvlakkige bemarkingsmaatskappy en geen distribueerder verkoop enige goedere nie op voorwaardes waarvolgens—

(a) van 'n distribueerder vereis word om aan 'n veelvlakkige bemarkingsmaatskappy, of aan 'n besigheid of onderneming wat aan 'n veelvlakkige bemarkingsmaatskappy geaffilieer is, of aan 'n distribueerder 'n beloning te betaal ten einde in die bemarkingsprogram van 'n veelvlakkige bemarkingsmaatskappy deel te neem, of ten opsigte van 'n opleidingskursus wat hy in verband met die deelname aan die bemarkingsprogram van 'n veelvlakkige bemarkingsmaatskappy ontvang of mag ontvang; of

(b) van 'n distribueerder vereis word om goedere te koop ten einde aan die bemarkingsprogram van 'n veelvlakkige bemarkingsmaatskappy deel te neem, tensy die veelvlakkige bemarkingsmaatskappy, in 'n skriftelike ooreenkoms met die distribueerder, ingestem het dat—

(i) die kontrak met die distribueerder deur hom met skriftelike kennisgewing aan die veelvlakkige bemarkingsmaatskappy by sy geregistreerde kantoor binne sewe dae vanaf die datum van die voltrekking van die kontrak gekanselleer mag word, en dat alle goedere wat regstreeks of onregstreeks van die veelvlakkige bemarkingsmaatskappy verkry en dan nog in die besit van die distribueerder is, deur die veelvlakkige bemarkingsmaatskappy teen die pryse wat die distribueerder daarvoor betaal het, teruggekoop sal word; en

(ii) die veelvlakkige bemarkingsmaatskappy, indien 'n distribueerder sodanige maatskappy 30 dae skriftelike kennis by sy registreerde kantoor gee van sy voorneme of begeerte om uit die kontrak terug te tree, alle goedere regstreeks of onregstreeks van sodanige maatskappy verkry wat dan nog in die besit van die distribueerder is, teen pryse wat nie minder is nie as 80 persent van die oorspronklike pryse wat die distribueerder vir die goedere betaal het, sal terugkoop; of

(c) die in paragraaf (b) bedoelde ooreenkoms nie in druk in albei amptelike tale die bepalings van genoemde paragraaf bevat nie; of

(d) die veelvlakkige bemarkingsmaatskappy geregtig sal wees om 'n ooreenkoms met 'n distribueerder op grond van kontrakbreuk deur die distribueerder te kanselleer, tensy—

(i) vooraf 'n kennisgewing waarin die distribueerder aangesê word om die kontrakbreuk binne 'n tydperk van nie minder as 14 dae nie vanaf ontvangs van die kennisgewing te herstel, deur of namens die veelvlakkige bemarkingsmaatskappy aan die distribueerder persoonlik afgelewer is of met vooruitbetaalde aangetekende pos aan hom gestuur is, in watter geval dit geag word

deemed that the notice was received by the distributor to whom it was addressed within four days from the date of posting; and

(ii) the distributor has during the period mentioned in the notice, failed to remedy the breach; or

(e) the multi-level marketing company limits the quantity of the goods which any distributor is entitled to purchase, according to the status of the distributor in the marketing programme.

4. Any multi-level marketing company shall at least once in each calendar year submit to the Price Controller, within 90 days after the close of its financial year, an audited statement of its financial position prepared by a public accountant and auditor.

G. J. J. F. STEYN, Price Controller.

dat die kennisgewing deur die distribueerder aan wie dit geadresseer was binne vier dae vanaf die datum van versending ontvang is; en

(ii) die distribueerder versuim het om die kontrakbreuk binne die tydperk in die kennisgewing genoem, te herstel; of

(e) die veelvlakkige bemarkingsmaatskappy die hoeveelheid goedere wat 'n distribueerder geregtig is om te koop volgens die status van die distribueerder in die bemarkingsprogram, beperk.

4. 'n Veelvakkige bemarkingsmaatskappy lê ten minste eenmaal in elke kalenderjaar 'n geouditeerde staat van sy finansiële posisie deur 'n openbare rekenmeester en ouditeur voorberei, binne 90 dae na die sluiting van sy boekjaar, aan die Pryscontroleur voor.

G. J. J. F. STEYN, Pryscontroleur.

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