

MLM Compliance Checklist	Yes	No
1) Compensation Plan		
The plan must prioritize retail sales over recruitment		
Structure should be straightforward, transparent, and easy to understand		
Payouts must not be contingent on recruitment		
No forced purchases for ranks/rewards		
Downline not mandatory, only retail sales needed		
Rewards tied directly to retail sales		
2) Distributor Training		
Provide comprehensive training on compliance rules and obligations		
Educate distributors on product details, ingredients, scientific basis, and permissible claims		
Train them emphasizing on the importance of retail sales over recruitment		
Include communication and conduct training to ensure adherence to telemarketing and privacy laws		
Clearly explain the compensation plan and ensure distributors fully understand it		
3) Refund Policy		
Offer a buy-back policy for unsold inventory.		
Clearly communicate the terms and conditions of the buy-back program		
Ensure the refund process is simple and accessible		
4) Earning Claims		
Calculated for top 50%, top 10%, and top 1% (monthly and annually lowest and highest)		
Calculate for 1st year distributors and all-other distributors		
Country-wise Claims		
State-wise Claims		
Support all income claims with actual sales receipts		
Distributor's expenditure is taken into consideration		
No exaggerated or hypothetical claims such as “replace your job” or “get rich quickly.		

Present a realistic picture, including the skills and time commitment required for achieve the earning		
5) Rewards		
Do not offer rewards solely for recruitment		
No rewards for unnecessary personal purchases		
Provide clear, transparent conditions for earning and retaining material rewards (e.g., jewelry, vehicles)		
Ensure there are no hidden costs associated with travel or other incentives		
Use the term “free” only when the reward is genuinely free of conditions or fees		
6) Product Claims		
Ensure all product claims are substantiated with credible research or scientific evidence		
Marketing materials must not contradict any risk disclosures		
Include clear disclaimers adjacent to product claims		
Potential product risks must be mentioned		
7) Record Keeping Requirement		
Maintain signed compliance agreements from all distributors		
Keep verifiable records of training provided		
Retain sales receipts		
Expenditure records for each distributor		
Document all customer grievances and the resolutions provided		
8) Communication Compliance		
Obtain explicit consent before contacting prospects or customers		
Ensure all communication is clear, accurate, and non-deceptive		
Provide an easy and accessible opt-out mechanism		
Strictly comply with Do Not Call lists and applicable telemarketing rules		
Maintain accurate and transparent online information		
Allowing honest feedback and reviews		