



# Fair Trading Act 1973

## 1973 CHAPTER 41

### PART XI

#### PYRAMID SELLING AND SIMILAR TRADING SCHEMES

#### **118 Trading schemes to which Part XI applies**

- (1) This Part of this Act applies to any trading scheme which includes the following elements, that is to say—
- (a) goods or services, or both, are to be provided by the person promoting the scheme (in this Part of this Act referred to as "the promoter") or, in the case of a scheme promoted by two or more persons acting in concert (in this Part of this Act referred to as "the promoters"), are to be provided by one or more of those persons;
  - (b) the goods or services so provided are to be supplied to or for other persons under transactions effected by persons (other than the promoter or any of the promoters) who participate in the scheme (each of whom is in this Part of this Act referred to as a "participant");
  - (c) those transactions, or most of them, are to be effected elsewhere than at premises at which the promoter or any of the promoters or the participant effecting the transaction carries on business,- and
  - (d) the prospect is held out to participants of receiving payments or other benefits in respect of any one or more of the matters specified in the next following subsection.
- (2) The matters referred to in paragraph (d) of subsection (1) of this section are—
- (a) the introduction of other persons who become participants
  - (b) the promotion, transfer or other change of status of participants within the trading scheme;
  - (c) the supply of goods to other participants;
  - (d) the supply of training facilities or other services for other participants;
  - (e) transactions effected by other participants under which goods are to be supplied to, or services are to be supplied for, other persons.

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*Status: This is the original version (as it was originally enacted).*

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- (3) For the purposes of this Part of this Act a trading scheme shall be taken to include the element referred to in paragraph (b) of subsection (1) of this section whether the transactions referred to in that paragraph are to be effected by participants in the capacity of servants or agents of the promoter or of one of the promoters or in any other capacity.
- (4) In determining, for the purposes of paragraph (c) of subsection (1) of this section, whether any premises are premises at which a participant in a trading scheme carries on business, no account shall be taken of transactions effected or to be effected by him under that trading scheme.
- (5) For the purposes of this Part of this Act such a prospect as is mentioned in paragraph (d) of subsection (1) of this section shall be taken to be held out to a participant—
  - (a) whether it is held out so as to confer on him a legally enforceable right or not, and
  - (b) in so far as it relates to the introduction of new participants, whether it is limited to the introduction of new participants by him or extends to the introduction of new participants by other persons.
- (6) In this Part of this Act " trading scheme " includes any arrangements made in connection with the carrying on of a business, whether those arrangements are made or recorded wholly or partly in writing or not.
- (7) In this section any reference to the provision of goods or services by a person shall be construed as including a reference to the provision of goods or services under arrangements to which that person is a party.