

THE REGULATIONS

BC Micro License Association

The links for the two federal government documents referred to:

<https://www.canada.ca/en/health-canada/programs/consultation-proposed-approach-regulation-cannabis/proposed-approach-regulation-cannabis.html>

<https://www.canada.ca/en/health-canada/services/publications/drugs-health-products/summary-comments-public-consultation-regulation-cannabis.html>

Scope of our summary:

When we reviewed the Regulations this morning, we only focused on the most important issues related to micro licensing. There is a ton of other information in the Regulations that will become important when the applicants move closer to having their licenses approved. For example, testing and packaging are two important areas which we will discuss in the coming weeks and months.



What We have Been Waiting For

Health Canada dropped the Regulations to the Cannabis Act this morning in a somewhat unusual fashion. They were not published in the Gazette, Part II, according to the custom, but were announced at a press conference. HC's website gave a number and an e-mail address to order a copy. Luckily, our friends at the Globe & Mail sent us a copy at the crack of dawn, so we have a pdf version of the Regulations. If you would like a copy, send us an email and will forward the pdf to you.

For the most part, the Regulations confirm what was already published in the **Proposed Approach to the Regulation of Cannabis** (November, 2017) and in the **Summary of Comments Received During the Public Consultation** (March, 2018) - links on the sidebar. Here is a short summary of parts relevant to micro-licenses (**this is not legal advice**):

Micro Cultivation and Processing Licenses

- section 8(3) and (4) micro licenses are established
- section 13 limits area of cultivation for micro-cultivation to 200 sq. m.
- micro-cultivation must have a "master grower" - must be knowledgeable about Cannabis Act, but no specific qualifications designated (no university degree or other educational designation)
- section 21(1) limits processing to 600kg of cannabis per year, but no limit if the micro-processor is exclusively processing his or her own yield from their micro-cultivation operation - section 21(3)
- this confirms that a person / business may hold **both** the micro-cultivation and micro-processing licenses on the same site



What potential applicants can do prior to the application queue opening:

Security: starting at section 50 of the Regulations, details about the requirements for security clearances are listed. The ACMPR application for LPs has a security clearance application form - we assume it will be the same general form for the micro-licenses applicants under Cannabis Act. It requires a ton of information that may take a long time to gather. Here is the link:

https://www.canada.ca/content/dam/hc-sc/migration/hc-sc/dhp-mps/alt_formats/pdf/marihuana/info/securit-eng.pdf

Financing: in section 241, the requirements for reporting on the applicant's investor(s) are listed and they are very detailed. Basically, anyone who provides any money, and goods / services to the license holder must get naked in front of the federal government. The definition of "key investor" is in subsection (9). In the Proposed Approach document, the government had indicated investment disclosure for anything over 25% ownership of the licensed company - looks like they scrapped that.

• a micro-processor must have a Quality Assurance person and satisfy the government that person meets the standards of qualification - section 20(2)

Nursery Licenses

- appears to be small scale, but not named "micro"
- section 16(a) growth area limited to 50 sq. m. for all budding and flowering plants
- section 16(b) must not possess more than 5kgs of the harvested flowering heads or buds
- must have a "master grower"
- does NOT designate where starting genetics may come from

Multiple Licenses on Same Site

- section 29 contains a confusing mish-mash of prohibited micro and standard license combinations for a single site
- section 29(f) it would appear that while a person / business may hold both micro-cultivation and micro-processing licenses on the same site, the third license - nursery cannot also be held on that site
- it is might be possible for a person / business to hold all three licenses, but the nursery would have to be located elsewhere

Potency Limits for Dried Cannabis (Flower)

- there is no reference to a limit on the THC percent for dried cannabis

Security Clearances and Site Security Requirements

- basically the same as was listed in the two federal government documents listed above, nothing new

Good Production Practices and Standard Operating Procedures

- starting at section 79, no distinction made between standard and micro-licenses
- this could potentially create a high barrier or impediment for small scale operators

Key Investor Provisions

- section 241 - every license holder must fully and completely disclose every detail of investments made by others, including the investment of money or "goods" and / or services, provided directly or indirectly and must report details to the Minister if the investors change or cease to be investors
- this could be an issue for micro-license holders if their investment comes from shady places or shy persons, who perhaps wish to remain hidden

Here is our one sentence summary of Regulations:

The main provisions regarding micro-licenses were already known through previous publications by the federal government. There were no surprises.

The primary concern at this point remains unknown - when will the micro-license application process start? A supporter of the BCMLA called in for the "teleconference" option and reported that Health Canada stated:

- a micro-application guide will be coming "soon"
- no micro-licenses will be granted until after October 17, 2018
- applications will be handled electronically and that the system is reportedly "ready to go"
- an individual can hold multiple licenses
- former cannabis convictions will not necessarily disqualify an applicant