

Cannabis Retail Regulation and The Registrar's Standards for Cannabis Retail Stores

PART 2 – DECEMBER 14, 2018



Speakers from the AGCO



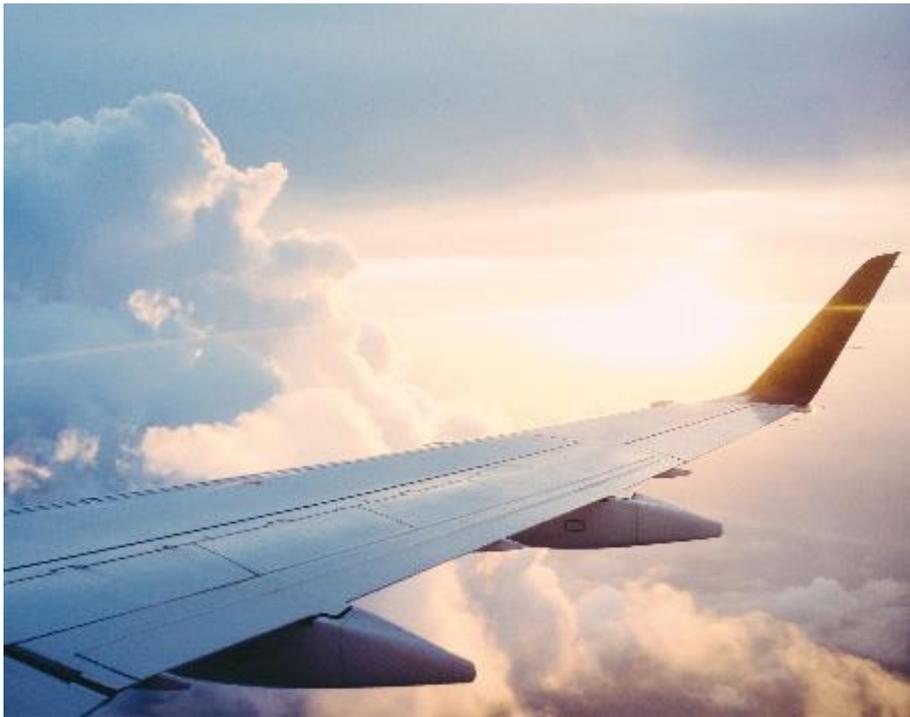
Phil Serruya (Panel Moderator)
Director, Communications

Jeff Longhurst
Director, Licensing and Registration

Sukvinder Singh
Director, Audit and Financial
Investigations

Liz Yeigh
Director, Strategic Engagement

Today's Agenda



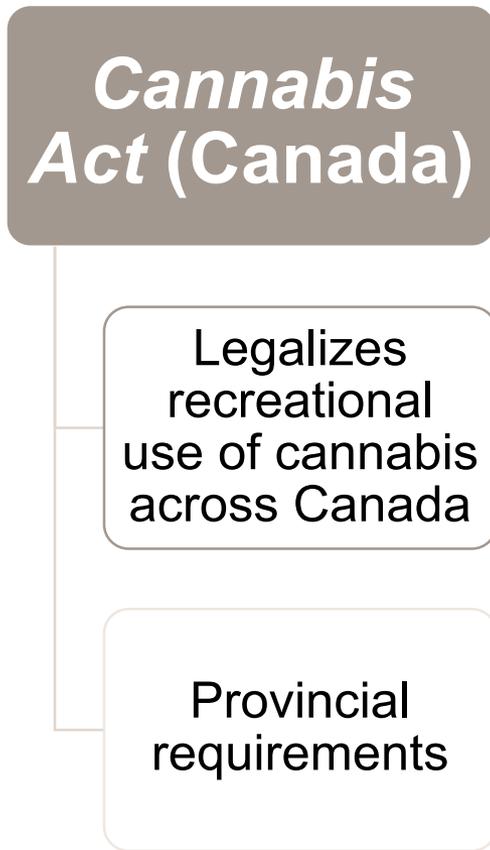
1. The Registrar's Standards
2. Standards, Risks and Mitigation
3. Answers from our Last Session

The Legislative Framework and Creation of Registrar Standards

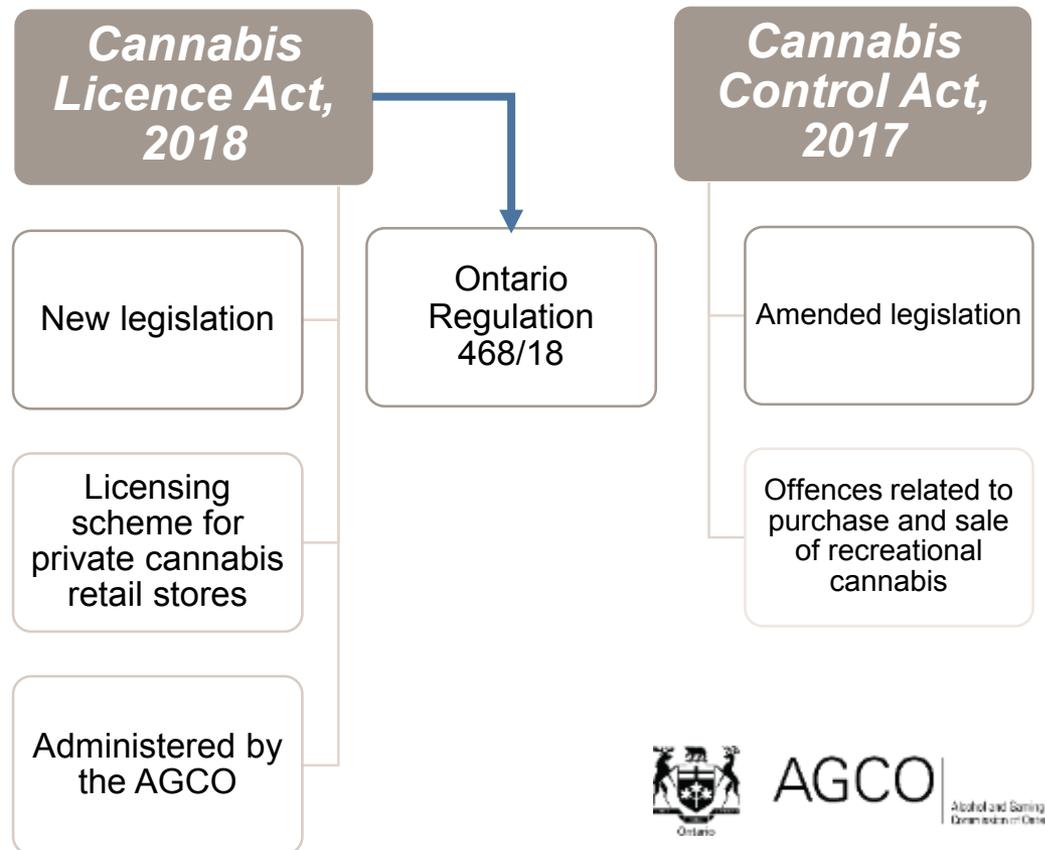


The Legislative Framework

Federal



Province of Ontario



AGCO Cannabis Retail Regulatory Objectives



Evolution Towards a Modern Regulatory Approach

Prescriptive Regulation

- Define how activities are to be undertaken.
- Emphasize risk mitigation over innovation or cost management

Risk and Outcomes Based Regulation

- Specify performance standard for desired outcome.
- Does not constrain how compliance is to be achieved.
- More consistent with innovation and efficiency than prescriptive regulation.

Standards Based Approach

- Licensees have the flexibility to determine what works best for their business
- Strengthening regulatory outcomes without burdening businesses

The Registrar's Standards - Overview

The *Cannabis Licence Act, 2018* (CLA) and Regulation 468/18 provide the Registrar with authority to establish standards and requirements in the following areas:

- Store premises, equipment and facilities, including surveillance and security.
- The prevention of unlawful activities.
- Advertising and promotional activities.
- Training related to the responsible use and sale of cannabis.
- The protection of assets.
- Record-keeping and measures to maintain confidentiality and security of records.
- Compliance with the federal cannabis tracking system.



The Registrar's Standards

Holders of a Retail Operator Licence are responsible for meeting all Standards.

Where not specified otherwise, Standards also apply to holders of a Retail Manager Licence.

The *Registrar's Standards for Cannabis Retail Stores* will be reviewed and revised on a regular basis to ensure that they are effective in mitigating risks as the cannabis retail sector matures.



Using the Standards to Mitigate Risks



The Registrar's Standards – Composition

There are thirty standards that fall within eight areas:

1. General Requirements
2. Physical Store Requirements
3. Destruction of Cannabis
4. Secure Transportation
5. Minors and Prohibited Individuals
6. Advertising and Promotion
7. Responsible Use
8. Record Keeping Requirements



AGCO Identified Risks

Risk Themes

1. Access by Minors and Prohibited Individuals

2. Participation of the Illicit Market and Prevention of Unlawful Activity

3. Security and Product Integrity

4. Inventory Tracking and Recordkeeping

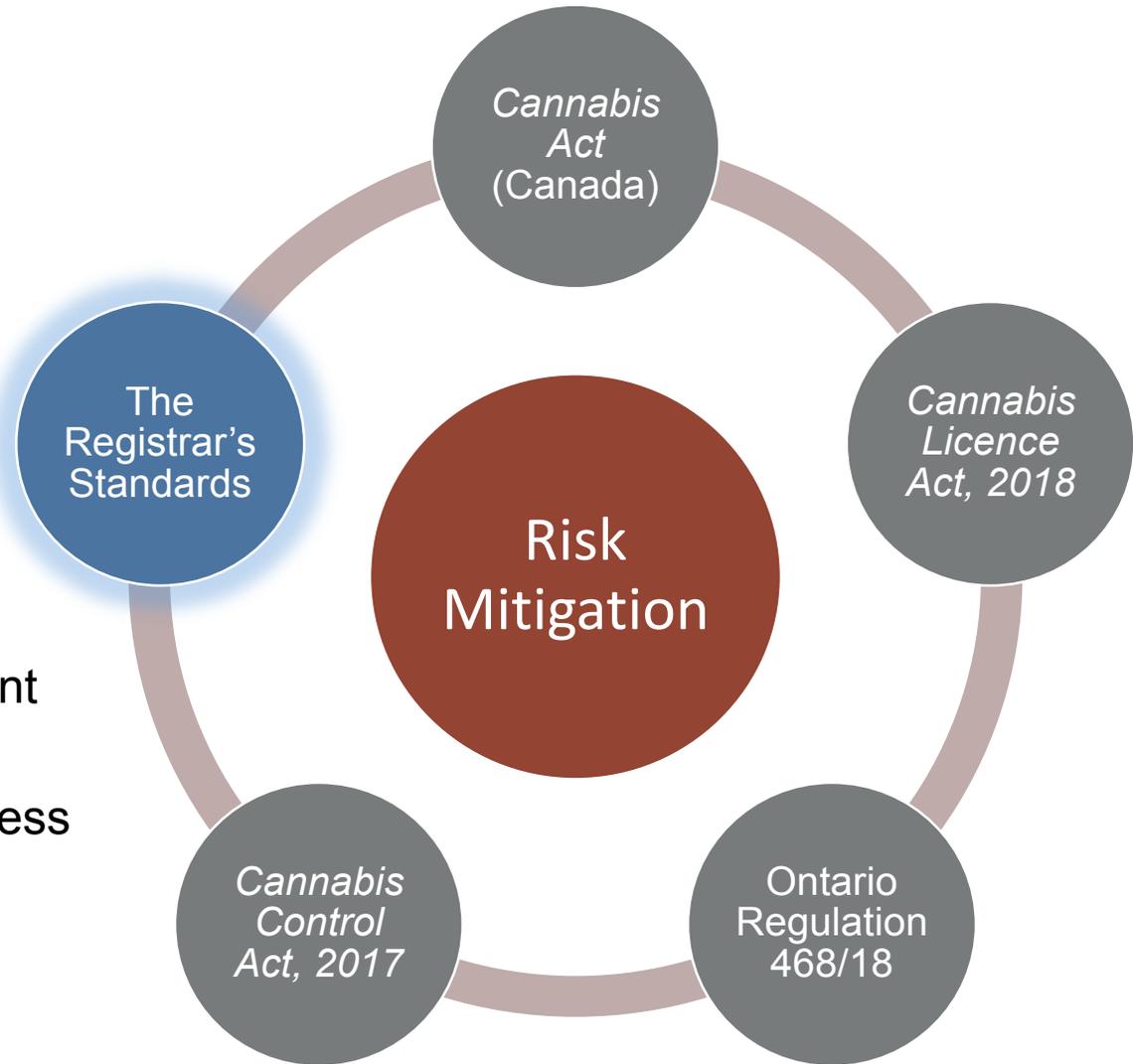
5. Business Operations

6. Responsible Use

7. Advertising and Promotion

8. Market Oversight

Risk Mitigation



A total of 30 Standards.

Together with the different pieces of legislation & regulations we can address these risks.

The Registrar's Standards & Risk Mitigation

General Standards

Risk Themes:

5. Business Operations

Registrar Standards: 1 – 7

AGCO Expectations

- Honesty and Integrity
- Strong Retail Operational Oversight
- Transparency and Accountability

The Registrar's Standards & Risk Mitigation

Physical Store Requirements

Risk Themes:

1. Access by Minors and Prohibited Individuals
2. Participation of the Illicit Market and Prevention of Unlawful Activity
3. Security and Product Integrity
5. Business Operations

Registrar Standards: 8 – 14

AGCO Expectations

- **Honesty and Integrity**
- **Security and Product Integrity**
- **Prevention of Access by Minors**
- **Prevention of Unlawful Activity**

The Registrar's Standards & Risk Mitigation

Destruction of Cannabis

Risk Themes:

2. Participation of the Illicit Market and Prevention of Unlawful Activity
3. Security and Product Integrity

Registrar Standards: 15 – 17

AGCO Expectations

- Prevention of Unlawful Activity
- Security and Product Integrity



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The Registrar's Standards & Risk Mitigation

Secure Transportation

Risk Themes:

2. Participation of the Illicit Market and Prevention of Unlawful Activity
3. Security and Product Integrity
5. Business Operations

Registrar Standards: 18 & 19

AGCO Expectations

- **Honesty and Integrity**
- **Prevention of Unlawful Activity**
- **Security and Product Integrity**



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The Registrar's Standards & Risk Mitigation

Minors and Prohibited Individuals

Risk Themes:

1. Access by Minors and Prohibited Individuals
6. Responsible use

Registrar Standard: 20

AGCO Expectations

- **Honesty and Integrity**
- **Prevention of Unlawful Activity**
- **Prevention of Access by Minors**

The Registrar's Standards & Risk Mitigation

Advertising and Promotion

Risk Themes:

- 7. Advertising and Promotion
- 8. Market Oversight

Registrar Standards: 21 – 25

AGCO Expectations

- **Honesty and Integrity**
- **Prevention of Anti-Competitive Behavior**
- **Deter Use by Minors**
- **Prevention of False, Misleading or Deceptive Information**



The Registrar's Standards & Risk Mitigation

Responsible Use

Risk Themes:

6. Responsible Use

Registrar Standard: 26

AGCO Expectations

- **Honesty and Integrity**
- **Deter High Risk Cannabis Use**
- **Protect Vulnerable Populations**



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The Registrar's Standards & Risk Mitigation

Record Keeping Requirements

Risk Themes:

2. Participation of the Illicit Market and Prevention of Unlawful Activity
3. Security and Product Integrity
4. Inventory Tracking and Recordkeeping
5. Business Operations

Registrar Standards: 27 – 30

AGCO Expectations

- **Honesty and Integrity**
- **Security and Product Integrity**
- **Prevention of Unlawful Activity**
- **Transparency and Accountability**

Answers to questions from the last webinar

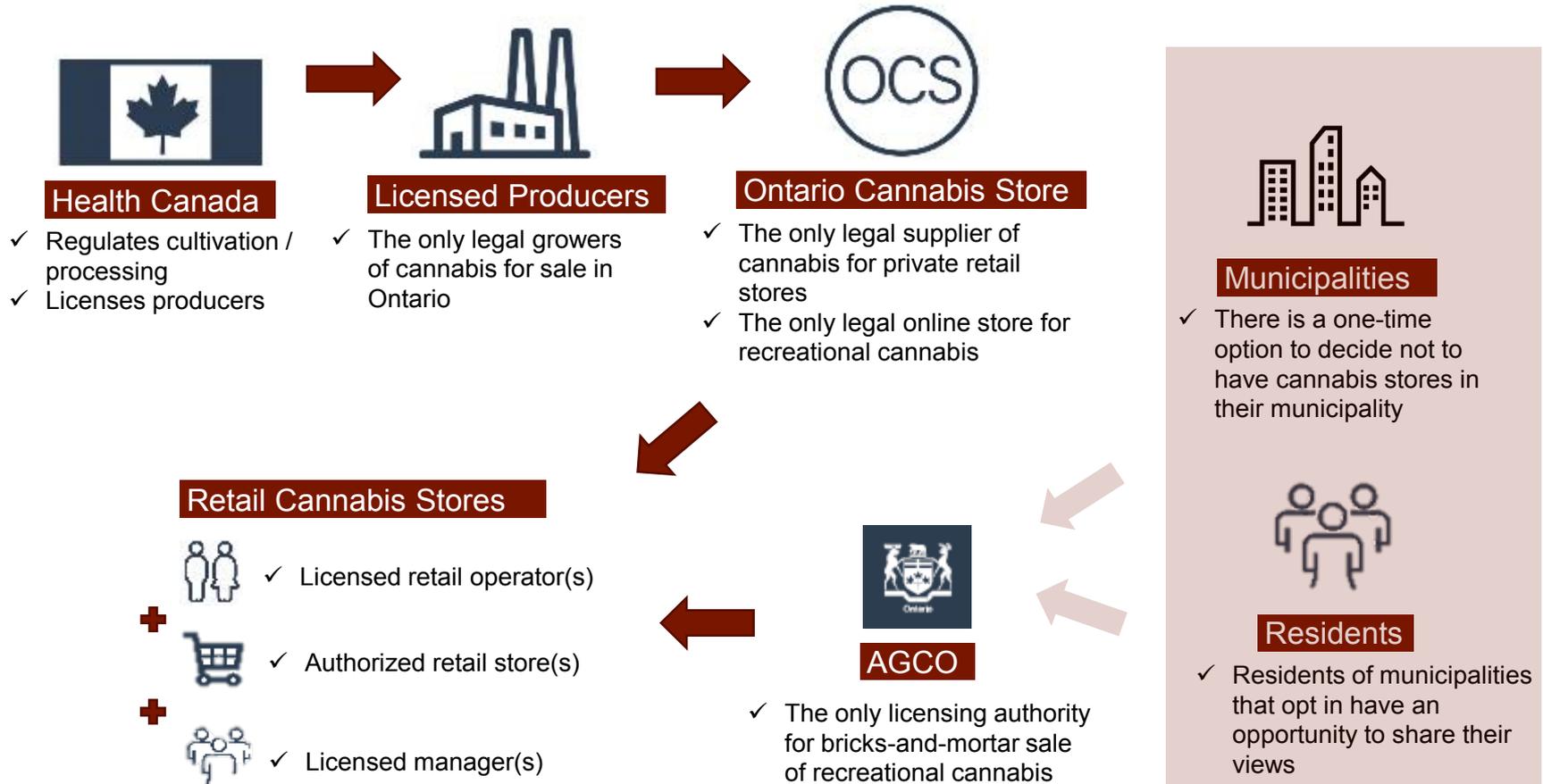


Overview of Questions

The AGCO has received over 2000+ questions that can be categorized into the following areas:

- Costs, Fees & Refunds
- Eligibility Requirements
- Application Assistance
- Store Location & Type
- Store Operation
- Training
- Pricing & Sourcing Product
- Municipal & Public Notice
- Delivery

Legal Recreational Cannabis Supply Chain



Other Industry Players

Areas of Activity:	Who is responsible?
Medical cannabis use and distribution	→ Health Canada
Recreational cannabis production licence	→ Health Canada
Recreational cannabis cultivation & processing	→ Health Canada & Licenced Producers
Recreational cannabis wholesale	→ Ontario Cannabis Store
Recreational cannabis online retail sales	→ Ontario Cannabis Store
Recreational cannabis consumption	→ Municipal by-law powers under the Smoke Free Ontario Act
Investigations of criminal activity related to cannabis and illegal dispensaries	→ Police

Types of Licences & Authorizations



Retail Operator Licence

For people/organizations who will be operating cannabis retail stores



Retail Store Authorization

The authorization to operate a physical storefront. Each retail store must have its own authorization.

Cannabis Retail Manager Licence

For the people who have management responsibilities to ensure the responsible sale of cannabis



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Fees

There are fees required when you first apply for your Retail Operator Licence, Retail Manager Licence, or Retail Store Authorization and fees to renew these licences or authorization.

	Fee	Renewal Fee	
	<u>2-year term</u>	<u>2-year term</u>	<u>4-year term</u>
Retail Operator Licence	\$6,000	\$2,000	\$4,000
Retail Store Authorization	\$4,000	\$3,500	\$7,000
Cannabis Retail Manager Licence*	\$750	\$500	\$1,000

*NOTE: If you are a sole proprietor, and will be both the licensed operator and performing the duties of the retail store manager for a particular store, you will not need to get a Cannabis Retail Manager Licence for that store.



Municipal Requirements

Municipalities will have a **one-time window** to opt out of hosting cannabis retailers within their jurisdiction.



Municipalities must make this decision by **January 22, 2019**.



Following that date, if AGCO has not been notified of a municipality's decision to opt-out, they will be considered an "opt-in" municipality.

Prior to applying for a Retail Store Authorization, **please check with your local municipality** to ensure the premises meets municipal requirements.

The legislation prohibits municipalities from:

1. Creating a system of licences respecting the sale of cannabis.
2. Passing a by-law that distinguishes land or building use for cannabis from any other kinds of use.



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Retail Store Location Requirements

The *Cannabis Licence Act, 2018* and its regulations require that each **retail store** meet certain requirements.

- Must be located in a municipality or reserve that permits cannabis retail stores.
- A cannabis retail store cannot be located near a school or private school, as defined in the *Education Act*, if the proposed retail store is less than 150 metres away from the property line of the school. This will be determined as follows:
 - ✓ When the school or private school is the primary or only occupant of a building, 150 meters shall be measured from the property line of the property on which the school or private school is located.
 - ✓ When the school or private school is not the primary or only occupant of a building, 150 meters shall be measured from the boundary of any space occupied by the school or private school within the building.
- **May only operate between the hours of 9:00 am – 11:00 pm (Monday to Sunday).**
- Must be the only business that will operate at the proposed retail store and must only sell permitted **items**, that is, cannabis and federally-defined cannabis accessories and shopping bags.

Written Submissions

Written submissions will be accepted on **iAGCO**, the AGCO's online licensing portal:

- An account registration is not required.
- Anonymous submissions will not be accepted.

All submissions must be:

- In writing;
- From residents of the municipality in which the proposed store is located;
- From either a lower tier municipality or from the upper tier municipality it is a part of.



Protecting Public Health & Safety



Protecting Youth & Restricting Their Access to Cannabis



Preventing Illicit Activities in Relation to Cannabis

Submissions are limited to the following matters of public interest



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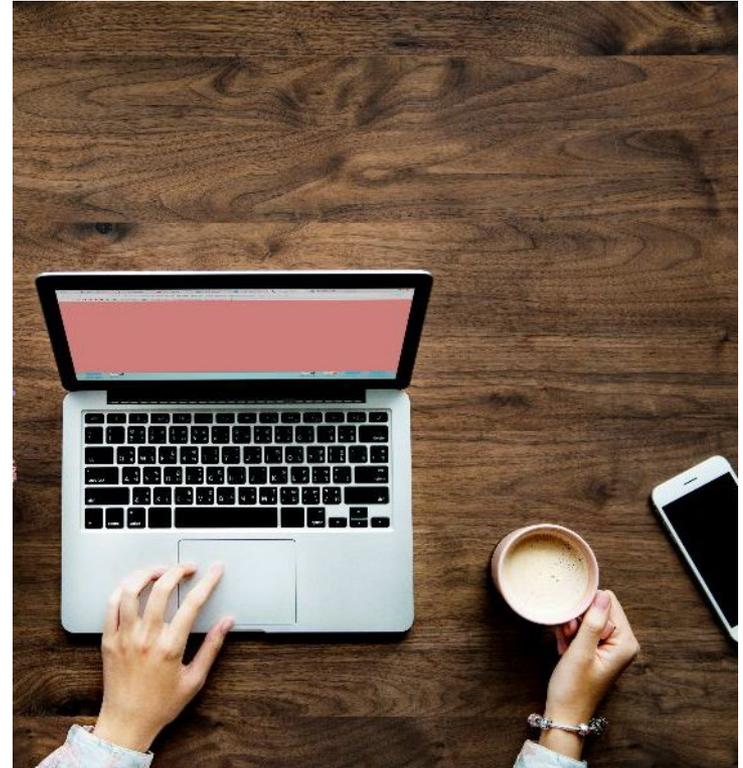
Public Notice & the Applicant

After the Public Notice period has ended, the AGCO will provide the applicant with copies of submissions.

- Personal details of the submitter will not be provided to the applicant.

The applicant will have **5 days** to provide a response to the AGCO to any written submissions.

The Registrar's decision to issue or to refuse a Cannabis Retail Store Authorization is **final**.



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