

Legal update

Rolling into 10/17: Ontario introduces Bill 36

October 2018 Cannabis

Further to [our last update](#), the Ontario government has now introduced legislation providing some additional information about Ontario's bricks-and-mortar retail of adult-use cannabis. Ontario [Bill 36](#), the *Cannabis Statute Law Amendment Act, 2018* amends various acts and enacts a new act in relation to the use and sale of cannabis and vapour products in Ontario.

Of particular interest to those with an eye on potential retail operations in Ontario is Schedule 2: the *Cannabis Licence Act, 2018* (the Act). At a high level, the Act provides for licences and authorizations, the sale of cannabis and cannabis retail stores and enforcement, offences and penalties.

Licensing

There are two licences provided for in the Act: the retail operator licence (Operator Licence), and a retail store authorization (Store Authorization) which is required for each retail location. Only the holder of, or applicant for, an Operator Licence can apply for a Store Authorization.

In order to apply for an Operator Licence, an individual will have to be at least 19 years old and if the applicant is a corporation, every director, officer and shareholder of the corporation will have to be at least 19. The applicant will also have to demonstrate that it will be financially responsible and cannot have been charged or convicted with a cannabis-related offence. There's also a certain "hands-on" requirement: the government can refuse an applicant if it is not satisfied that the applicant will exercise sufficient control (directly or indirectly) over its retail business, including over the premises, equipment and facilities.

Perhaps the provision in the Act with the biggest impact on industry is the restriction on the issuance of Store Authorizations for federally licenced cannabis producers to only one authorization, and only for a proposed cannabis retail store located on or within the site set out in the federal production licence. Additionally, the federally licenced "person" and its affiliates (to be defined by regulation) cannot hold more than one Store Authorization between them.

Sale of cannabis and retail stores

The Act outlines requirements around the premises, equipment and facilities of proposed retail stores. Additionally, any individual acting in a management function within a cannabis retail store (e.g., supervising employees, overseeing sales, managing compliance issues) must obtain a cannabis retail manager licence (Manager Licence).

Retail Stores will only be permitted to sell cannabis obtained from the Ontario Cannabis Retail Corporation (the new name for the Ontario Cannabis Store) and will only be permitted to make in-person sales.

As expected, we're still waiting on many details, which will be provided for by regulation, which are expected to provide additional information on (for example): the minimum price for cannabis, restrictions on the promotion of cannabis, the number of retail stores any individual operator may operate at a given time and most critically the actual licence application process. Additionally, we will have to wait and see the extent to which products other than cannabis will be permitted in Ontario retail stores. We eagerly await further developments and will keep you all posted as they emerge. Stay tuned for further updates.

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