

# PRESS RELEASE |

## KINGSTON, JAMAICA



### **Due Diligence, the cornerstone of Jamaica’s regulated Medicinal Cannabis Industry**

The regulatory framework of Jamaica’s medicinal cannabis industry has been crafted specifically to preserve the requirements of the *United Nation’s Single Convention on the Narcotic Drugs, 1961 as amended by the 1972 Protocol amending the Single Convention on Narcotic Drugs, 1961,*

*The Convention on Psychotropic Substances, 1971* and, *The Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988*. This, in addition to other realities, have culminated into the establishment of a robust regulatory mechanism, to ensure the transparency and integrity of operations within the Industry.

The *Dangerous Drugs (Cannabis Licensing) (Interim) Regulations, 2016* (“Interim Regulations”) stipulate that an applicant must be deemed “fit and proper” before a licence is issued and failure to meet this requirement will result in that applicant being disqualified from holding a licence. This determination is based on a very rigorous due diligence process done with the support of at least six (6) local and international due diligence partners.

#### **How the Interim Regulations define “Fit and Proper”**

In keeping with Regulation 11 (4) of the Interim Regulations, the Cannabis Licensing Authority (CLA) may take into account the following factors, to determine if a person is fit and proper:

- *whether the person is of good repute, having regards to the matters concerning the person's character, honesty and personal and professional integrity;*
- *whether the person has the necessary skills and experience to fulfil their obligations as a licensee;*
- *whether the person has sound and stable sources of financing or is in financial circumstances which may limit the person's capacity to fulfil their obligations as a licensee;*
- *the person's history of compliance with the Dangerous Drugs (Amendment) Act, 2015; and*
- *where the applicant is not a natural person, for example a company, whether the factors specified above are met by the persons in effective control of the operations of the applicant.*

Upon receipt of due diligence reports on all owners and directors related to an application, an assessment is conducted to determine if they satisfy the “fit and proper” requirements before progressing to the next stage, which is the conditional approval stage.

If the applicant is deemed “fit and proper”, Conditional Approval status is granted, and the applicant must now satisfy the requirements for their premises or vehicle to be deemed “fit for purpose” in keeping with the Interim Regulations.

The pace at which an applicant moves from the conditional approval stage to the licence stage becomes solely dependent on the timeline within which the applicant satisfies these requirements. Applicants are given up to six (6) months to transition from Conditional Approval to becoming a licensee.

It is to be noted however, that Conditional Approval status does not allow applicants to conduct business.

When the applicant believes that he/she have satisfactorily met the requirements at this stage and the premises or vehicle has been adequately prepared for inspection, a request is made in writing to the Authority for pre-licensing inspection, to establish compliance with the Interim Regulations as well as determine if same is “fit for purpose”. Satisfaction of other pre-conditions such as a permit, non-objection or approval from the National Environment and Planning Agency, updated company documents and identification of proposed downstream buyer (as stipulated in the conditional approval letter), must also be fulfilled.

#### **Possible delays which may occur at the conditional approval stage**

During the application process, applicants may decide to amend details of their applications because of internal business changes, such as changes of company directors, shareholders or location for operation as well as acquiring or updating requisite documents. In such cases, the due diligence or verification process must be re-done, automatically triggering a new investigative process. Consequently, the application will not progress to the next stage.

#### **Monitoring activities**

In addition to enforcing “fit and proper” and “fit for purpose” requirements, the CLA performs continuous monitoring, surveillance and enforcement activities to ensure that licensees remain compliant with the terms and conditions of their licences and the Interim Regulations. This is to remove possibilities of diversion from the legal trade into the illegal trade or inversion from the illegal trade into the legal medical cannabis industry.

Furthermore, it is a requirement for licensees to only trade with other licensees. This framework is classified as a Closed Loop System.

#### **Important requirements for applicants to note**

1. Companies or businesses applying to operate in Jamaica’s Ganja Industry, must be registered with the Companies Office of Jamaica.
2. Cooperative Society or Friendly Society must be registered with be Department of Cooperatives and Friendly Societies.
3. The registered Company is required to satisfy the regulatory requirements of “substantial ownership and control” (over 50% of the shareholding and the directorship) by a Jamaican or a person(s) ordinarily resident in Jamaica.
4. An ordinarily resident individual for the purposes of the Interim Regulations, must have documentary proof that he or she has lived in Jamaica for not less than three (3) years immediately preceding the date of the application, and is at least 18 years old.

With robust due diligence and verification processes, which are in keeping with international obligations, Jamaica is poised to take advantage of trade opportunities while maintaining the integrity and transparency of its medicinal cannabis industry.

**Building an Industry; Cultivating Responsibly**

Cannabis Licensing Authority

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