

# NWT Retail Cannabis Framework

## Information Guide



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## **APPLICATIONS AND OPERATIONS**

The sale of cannabis in the Northwest Territories (NWT) is controlled through the Northwest Territories' Liquor and Cannabis Commission (NTLCC) and private retailers designated by the Minister of Finance, will be granted a license to sell the product. The NTLCC will control the inventory, and delivery of cannabis to those private retailers at a 25% wholesale discount and set the maximum resell prices for cannabis products.

In addition, the NTLCC will be the online retailer of cannabis, responsible for regulating the cannabis industry in the NWT, however, the NTLCC reserves the right in the future to transition such online sales to one or more private retailers, including entering into agreements with cannabis vendors designated by the Minister and monitoring the operation of vendors.

The NTLCC reserves the right to limit the number of stores per community.

## **WHO IS THIS GUIDE FOR?**

This guide has been developed to provide information for those who are considering applying to become a vendor of retail non-medicinal cannabis in the NWT including:

- a description of the application process;
- information to help applicants make business decisions; and
- information on how retail businesses will be able to buy and sell product.

This information will also assist local governments in preparing for potential retail store applications within their community.

## APPLICATION AND LICENSING

### 1. Who can apply to be a cannabis vendor?

The process is open to anyone who may wish to be designated as a cannabis vendor with The NWT Liquor and Cannabis Commission (NTLCC).

### 2. Do applicants have to undergo a background check?

Yes. It is a requirement of the qualification process that the individuals and/or groups provide full RCMP certified criminal record checks when the qualification package is submitted. The requirements for this type of records check can be found here:

<https://www.rcmp.grc.gc.ca/en/steps-getting-a-certified-criminal-record-check>

The criminal record checks will be required on the following individuals: All owners, investors, promoters, partners or holding companies, shareholders, partners (spouses) and applicable family members. However, for the process, family members have been defined as “Any and All individuals over the age of 18 that reside in the same residence as any owner, investor, promoter, or shareholder, including but not limited to partners and dependents.

### 3. Does having a record of criminal activity exclude an individual, or a shareholder in a company, from being designated a cannabis vendor?

Having a record of criminal activity will not necessarily exclude an applicant from becoming a cannabis vendor. As part of the required, RCMP Certified criminal records will be evaluated in relation to their relevance to the application and the recentness of the activity or offence(s) committed. If the results of the certified Criminal record check indicate any criminal activity associated with financial, fraud or drug/narcotics related charges; financial bankruptcy or commercial insolvency within the past seven (7) years, the candidate will be found to have failed the security screening.

The NTLCC will evaluate the records of criminal activity of all applicants (including shareholders) as part of the review process. When reviewing an individual's record of criminal activity, the NTLCC will pay particular attention to whether a person has been convicted of:

- An offence under the *Criminal Code* (Canada), the *Excise Act* (Canada), the *Food and Drugs Act* (Canada) or the *Income Tax Act* (Canada); or
- An offence under the *Controlled Drugs and Substances Act* (Canada), other than under Section 4(1) of that *Act* for possession of any substance included in Schedule II to that *Act*; or
- An offence that is sufficiently serious that it may detract from the integrity of lawful cannabis activities in the Northwest Territories.

**4. If an applicant has an interest in a federally licensed producer or processor, can they be considered to become a designated cannabis vendor?**

Yes, a person or company may have an interest in both a producer and a retailer but must keep these interests separate. The NTLCC is responsible for negotiating supply agreements with producers. Individual vendors will be required to order product directly from the NTLCC and will not be permitted to have purchasing relationships with growers.

The distribution of any unauthorized product may result in the revocation of their designation as a cannabis vendor and may result in criminal charges.

**5. What kind of information will need to be provided about companies who apply to become a cannabis vendor?**

As described in more detail below, applicants will need to supply information about ownership, management structure, and financing including but not necessarily limited to the names of any owners, directors, officers and investors along with incorporation documents and disclosures about the company's background. The NTLCC will confirm financial representation made as part of the application process.

**6. What information must be provided about the proposed location for a cannabis retail store?**

Depending on what stage of the application process, a different level of detail about the location will be required. During the Qualification stages, information regarding a physical location is not required. Applicants that qualify for the second phase will have to provide the legal address, and offer to lease or purchase, a floor plan and a site plan.

As part of the application phase, applicants will have to provide proof of possession (for example, title, lease, or agreement for sale), an approved development permit, and fire approval/right to occupy the location.

A typical facility shall provide sufficient space for the secure storage of cannabis, shelving, sales counters, product display and other areas typically used in the retailing business.

As part of the details on the proposed location, applicants will be expected to consult with the community government and include in the application the results of the consultation. This may include information such as:

- confirmation that a business licence will be issued if the applicant is successful in communities where a business licence will be necessary; and
- confirmation that zoning bylaws allow the business to operate in that proposed location.

**7. Will there be a cap on the number of cannabis vendors?**

There is no set cap on the number of cannabis vendors that may be designated by the Minister. Through the Request for Proposals process detailed later in this document, the Minister will

assess community interest, the applications received and their viability, and then designate vendors as appropriate.

The successful applicant will be permitted to open one (1) single retail cannabis store within the communities that they have been successfully qualified. . The facility will be required to comply with all Federal and Territorial regulations.

**8. Will a cannabis vendor be allowed to sell medicinal cannabis?**

No, medical cannabis will continue to be sold online by federally regulated producers only. However, like other Canadians, medical users will be able to buy cannabis from retailers of non-medical cannabis. The federal government has committed to conducting a review of the medical cannabis system in five years.

**9. Will the NTLCC be licensing consumption in lounges?**

No, the licensing of cannabis consumption in lounges is not currently permitted in the NWT.

The GNWT's objective is to provide, through the NWT Liquor and Cannabis Commission, access to a safe supply of cannabis products for individuals 19 years of age and over. There is no legislative authority to authorize the licencing of consumption in lounges in the *Cannabis Products Act*.

**10. Will cannabis sales be licensed at outdoor festivals and other events?**

While there are provisions in the *Act* to allow for special occasion permits, no applications for permits will be accepted at this time.

**11. What is the process to become a designated cannabis vendor?**

If you are interested in applying to become a designated cannabis vendor, you are invited to submit an expression of interest to the NTLCC. This can be done in the form of a letter to the Director of the NTLCC expressing your interest.

Once the NTLCC receives an expression of interest from a potential vendor, this will trigger consideration of adding a retail cannabis outlet in a community. Should the initial assessment indicate community support and sufficient demand, a public request for qualification process will be undertaken for that specific community.

All potential vendors interested in becoming cannabis vendors will be invited to participate in a Request for Qualification process that is described in more detail in Appendix 1. If you have been deemed qualified to provide the services of being a cannabis vendor, a detailed request for proposals process will follow, inviting only those that have been pre-qualified in the previous process.

Once you have been designated a cannabis vendor by the Minister, you will be required to enter into a Contract that designates you as a vendor and a Wholesale Purchase Agreement (the Agreement Package) with the NTLCC. These documents outline your contractual relationship with the NTLCC and describe how you are permitted to operate as a vendor in the NWT. This



Agreement will be for a period of five years, with the potential to renew for an additional five years, if both parties are in agreement.

Permissions to become a cannabis vendor are issued by the NTLCC without any guarantee or knowledge, expressed or implied, of the likely success of the Vendor and is not an endorsement of the applicant's business plan or an indication of future government support. The business has to function as a viable business in its own right and is provided the same support that the GNWT provides other businesses through its various programs.

**12. For how long will a cannabis vendor's Agreement Package be valid?**

Your Agreement Package with the NTLCC will be valid for a period of five years, at which time it will be subject to a review. As a vendor, you will be required to notify the NTLCC of any changes to the business structure (change of ownership/investors) since the time of application. Failure to do so may result in the cancellation of the Agreement Package and the revocation of your designation as an approved cannabis vendor. Any changes to ownership structures will be subject to review by the Minister.

**13. Can I sell my cannabis retail store and have the Agreement Package transferred to the new owner?**

You are designated as an approved cannabis vendor based on the information you provide in your application package. Before you sell your business, potential buyers should work with the NTLCC in order to ensure that they qualify to be designated as a cannabis vendor. If a new owner also qualifies as a designated cannabis vendor, they can assume your contract with the NTLCC for the sale of cannabis.

**14. How long will the selection and application process take?**

The NTLCC is committed to conducting thorough reviews of applicants and applications in order to ensure that successful retailers will operate in a safe and lawful manner. Plans are being put in place to ensure that applications are processed as efficiently as possible. However, the time needed to complete the process will depend on the number of applications.

## **OPERATIONS: GENERAL**

### **15. Does a cannabis store have to be a certain distance from schools and other retailers?**

Local governments have the authority to impose distance requirements and other conditions. It would be the applicant's responsibility to confirm local governments distance requirements before committing to a location. The NTLCC will not be setting these requirements.

### **16. Will there be any restrictions on where a cannabis retail store can be located?**

The NTLCC requires that the store comply with any municipal zoning requirements and provide evidence of compliance in the application. Beyond that, the NTLCC will not regulate the location of stores. For example, local governments may restrict how close a store can be to another cannabis store, schools, daycares, or other places.

### **17. Are there any rules about what a cannabis store can be called?**

Store names must comply with Federal legislation and regulations respecting advertising and promotion.

Store names must be in good taste and may not promote intoxication. Terms and images such as, but not limited to "chronic", "stoned" or "high" will not be permitted.

Store names cannot be misleading as to what type of business is done in the store. As a non-medicinal cannabis retailer, stores cannot have a name that would lead people to believe the store provides medicinal cannabis. For example, the words "pharmacy", "apothecary", and "dispensary" all have meanings linked to the selling of medicines, so these words cannot be used in association with a non-medicinal cannabis store.

### **18. Can minors enter a cannabis store?**

Although, currently the NWT Cannabis Regulations indicates that Minors may enter accompanied by their parents, or an eligible person authorized by their parent, they may not see any product or accessories that are for sale, as per the Federal Cannabis Regulations.

### **19. What hours can a cannabis store be open?**

The hours of operation of cannabis stores will be determined by the NTLCC in consultation with individual community governments.

### **20. Can a cannabis store sell cannabis online?**

Currently the NTLCC is the only entity permitted to sell cannabis product on line in the NWT. However, the GNWT reserves the right in the future to transition such online sales to one or more private retailers.

**21. Can a cannabis store offer mail-order delivery of its products?**

Yes, cannabis stores will be able to offer mail-order delivery of cannabis in the same way that liquor stores offer mail-order liquor delivery. This system will have controls in place to protect against bootlegging and access by minors, including requirements that:

- The purchaser must be a resident of the Northwest Territories who is, 19 or over, and they must provide positive identification that includes data of birth, current address and sample signature.
- Customer orders must be placed in writing, providing method of payment and directions for shipment, and they must be signed by the customer.
- Store will check order with identification provided and verify that the customer is 19 or over; does not reside in a community with a store that sells cannabis; and the cannabis order is not being shipped to a community where cannabis is prohibited.
- Payment will be rendered before cannabis is shipped.
- Each order will be packaged and sent individually to the purchaser by common carrier at the address provided on the identification provided by the purchaser.
- The purchaser named must sign to receive the shipment.

**22. Can a cannabis store offer in-town delivery of its products?**

**23. Currently, In-Town Delivery is not an available option for the distribution of cannabis products. Are there rules around pricing of cannabis products?**

The NTLCC will set the wholesale price for cannabis products at which the cannabis products will be sold to the vendors. Vendors may sell the Cannabis products to customers at a mark-up no greater than 25% of the wholesale price before GST.

**24. Is there a limit to how much cannabis can be sold to a person?**

An individual can legally have no more than 30 grams of dried cannabis (or combined equivalent in other forms) when they are in public. As a result, retail and mail order sales transactions will be limited to the equivalent of 30 grams of cannabis.

The following table, taken from Schedule 3 of the federal *Cannabis Act*, lists the amounts of other authorized cannabis forms that are equivalent to 30 grams of dried cannabis.

Class of Cannabis	Quantity that is equivalent to 1 gram of dried cannabis
Dried cannabis	1 g
Fresh cannabis	5 g

<b>Class of Cannabis</b>	<b>Quantity that is equivalent to 1 gram of dried cannabis</b>
Solids containing cannabis	15 g
Non-solids containing cannabis	70 g
Cannabis solid concentrates	0.25 g
Cannabis non-solid concentrates	0.25 g
Cannabis plant seeds	1 seed

**25. Can people consume cannabis in a cannabis store?**

No. Consumption of any kind will not be permitted in the store, and providing samples will not be permitted. Under the Cannabis Smoking and Control Act and the accompanying Cannabis Smoking Control Regulations, the smoking of cannabis is prohibited in certain public areas including those frequented by children and crowds, from vehicles, and from any place where tobacco smoking is not allowed. There will be no consumption of cannabis at cannabis retail outlets, and there will be no designated establishments where non-medicinal cannabis can be consumed.

**26. Can a cannabis store sell cannabis to people outside of the Northwest Territories?**

No, interjurisdictional retail sales will not be allowed. Cannabis stores will not be able to sell cannabis to people outside of the NWT, but neither will retailers outside of the NWT be able to sell to people in the NWT.

**27. Will people be allowed to see, touch, or smell product in a cannabis store?**

Vendors must follow the federal legislation and regulations including that cannabis must be sold in its original packaging with the excise stamp intact. Sensory display containers will be permitted provided there is no ingestion of cannabis product or smoke in the store. Please see Appendix 2 for guidelines around the use of sensory display containers.

**28. Do cannabis store employees need any special training?**

Yes, there are mandatory training requirements for cannabis store owners and employees..

The NTLCC and the Enforcement Division is developing a Safe-Server training program which will be required for future retail operations, additionally, the NTLCC is developing product training materials in co-operation with suppliers which will be available for use by cannabis store operators.

**29. Will cannabis stores be required to have a certain product tracking/inventory control system?**

There is a requirement to report sales figures to the federal government on a monthly basis. In order to facilitate this reporting process, all cannabis vendors will be required to use a solution that meets and/or exceeds the federal requirements for reporting.

**30. What else can be sold in cannabis stores besides cannabis products?**

In addition to dried cannabis, cannabis extracts ingested, extracts inhaled, cannabis solids, and non solids, and seed, a vendor may sell federally approved Cannabis products for recreational use.

Cannabis retail vendors can also sell cannabis-related ancillary items as defined by the NTLCC. This can include such things as cannabis industry magazines, branded t-shirts and ashtrays, cannabis artwork. Cannabis stores will also be permitted to sell snacks. There is no limit on the number of accessories and ancillary items that can be carried.

**31. Can cannabis products be added as a product for sale in an already established business (other than a liquor store)?**

Possibly.

Any existing store interested in adding cannabis to their product line would have to comply with all territorial and federal legislation and regulations, including store security requirements, customer age restrictions, store hours and any other restrictions included in the Agreement Package.

**32. What format will cannabis products be sold in?**

Under federal requirements, cannabis must be packaged by the federally licensed producer, complete with an excise stamp for the territory where it will be sold. Retailers will not be allowed to open packages before selling, sell partial packages or re-package the product.

## OPERATIONS: PHYSICAL STORE

### 33. Are there any rules about the physical layout of cannabis stores?

Premises are required to have a sales area; a separate entrance/exit; product receiving capability; a secure storage room and display for cannabis and accessories; and no access from any area of the premises to another business. Drive-through windows are prohibited. The product must be secure behind the counter and only counter sales are permitted.

To help limit youth exposure to cannabis products, the federal government requires that cannabis products not be visible from either outside of a venue or internally. There will be many different ways for cannabis stores to achieve this requirement that comply with territorial and federal requirements respecting advertising and promotion.

Please see Appendix 3 for further information about the security requirements for physical stores.

### 34. Where will cannabis stores be allowed to store inventory?

Facilities are required to provide sufficient space for the on-site storage of cannabis.

### 35. Are there security requirements for cannabis stores?

Yes. Retailers have a strong incentive to secure the store premises both during and after operating hours to protect the inventory from theft. Detail about the specific security requirements for cannabis stores has been included in Appendix 3. Store operators are responsible for any shrinkage in inventory.

## SUPPLY

### 36. How do cannabis stores obtain cannabis to sell?

The NTLCC will be the only source of legal wholesale cannabis in the NWT. Retailers will not be permitted to purchase any cannabis products directly from licensed producers or any other source, including designated growers under the medical cannabis regime. Selling unauthorized product will result in the automatic revocation of their designation as a cannabis vendor, cancellation of the Agreement Package and possible criminal charges.

### 37. Can financial arrangements be made with federally licensed producers?

Cannabis retailers cannot accept money or request any inducement from a producer. This means they must not:

- Pay money to secure access to a supplier's product.
- Request money from a supplier in return for providing benefits such as preferential shelf space.

- Accept money in exchange for agreeing not to stock a competitor's product.

### **38. What types of cannabis can be sold in cannabis stores?**

Cannabis Stores will be permitted to sell all federally approved Cannabis products. The NTLCC will work with vendors to ensure that the product selection is meeting the customer's demands.

### **39. Will cannabis stores be able to sell edible cannabis products?**

Yes, edible cannabis products can legally be sold in the cannabis store.

## **INSPECTIONS AND COMPLIANCE**

To ensure that cannabis is being sold in a lawful and responsible manner, the NTLCC will develop in conjunction with the Enforcement Division a compliance program that will include education, inspection and enforcement activities for the operation of the stores. The focus will be on encouraging voluntary compliance, but the Commission has the authority to revoke a retailer's designation as a cannabis vendor for non-compliance with the Agreement Package or on discovery of false claims on the application.

### **40. How often will cannabis stores be inspected?**

Cannabis Stores will have an initial inspection to ensure compliancy with all aspects of the agreement, This inspection is the final step before the Minister agrees to a vendor designation and subsequent inspections will take place on a regular, but ad-hoc basis after opening.

The NTLCC will investigate any complaints received. Retail store operators cannot refuse an inspection and must make their premises, including records, available to inspectors immediately upon request.

### **41. What happens if a cannabis store is found to be out of compliance?**

The NWT has developed detailed guidelines about inspection that can be found in Appendix 4 at the end of this document.

### **42. Can the police enter and inspect a cannabis store?**

Yes, police can inspect a cannabis store to ensure it is operating in compliance with legal requirements.

## APPENDIX 1: APPLICATION PROCESS

If you are interested in applying to become a designated cannabis vendor, you are invited to submit an expression of interest to the NTLCC. This can be done in the form of a letter to the Director of the NTLCC expressing your interest.

Upon receipt of an expression of interest from a potential vendor, this will trigger consideration of adding a retail cannabis outlet in a community. Should the initial assessment indicate community support and sufficient demand, a multiple step public process will be undertaken for that specific community. All potential vendors interested in becoming a cannabis vendor will be invited to participate in a Request for Qualification (RFQ) process as described below.

1. **Request for Qualification:** Potential applicants must provide a completed applicant disclosure package which will include the following information:
  - a. Information about the corporate structure, including the name of ALL owners, investors, promoters, parent or holding companies, shareholders and partners and their immediate family;
  - b. Preliminary financial disclosure, including financial statements (if applicable) for the last three years, copies of completed income tax returns, and a listing of current financial obligations;
  - c. Certified Criminal Records checks on all involved individuals – this is to include, but not be limited to:
    - i. All owners investors, promoters, parent or holding companies, shareholders, partners and applicable family members (family members has been defined as ANY and ALL individuals over the age of 18 that reside in the same residence as any owner, investor, promoter, or shareholder, including but not limited to partners and dependents.)
    - ii. Certified criminal record check information can be found here:  
<http://www.rcmp-grc.ca/en/steps-getting-a-certified-criminal-record-check>
  - d. Personal information about ALL owners, investors, promoters, parent or holding companies, shareholders and partners and their immediate family (includes basic identifying information, work/employment history, family information, existing business interests, criminal/litigation/disciplinary information, , and financial information); and
  - e. Authorization to request additional information from:
    - i. the Canadian Customs and Revenue Agency, or other equivalent foreign taxing authority;
    - ii. any financial institutions, foreign or domestic, including banks, credit unions, trust companies, investment dealers or brokerage houses; and/or
    - iii. credit reporting agencies, foreign or domestic.



2. **Review of the Request for Qualification:** The NTLCC will have the qualification package reviewed to confirm that the applicant(s) qualify to be designated as a cannabis vendor, provided that they meet all additional application conditions.

During this phase of the process, the information provided by the applicant will be reviewed as it relates to:

- Criminal history (factors considered include the nature of the violation, the length of time since the offence and whether the criminal history reflects an ongoing pattern of criminal behaviour);
  - History of financial stability and solvency that may include a request for consent to conduct a credit check;
  - History of compliance with territorial and federal tax laws;
  - History of civil litigation involving fraud, deceit, misrepresentation or breach of trust; and
  - Accuracy and completeness of the personal information provided.
3. **Request for Proposal – Retail Cannabis Store:** Once the qualification process has been completed, only those applicants that have been deemed qualified based on the information provided in the initial phase will be invited to submit a complete proposal to the NTLCC which contains:

- a. **Business Plan and Operational Plan**

This will include a comprehensive business and operational plan that will provide detailed information regarding the Applicants Business and Operational Plan,

The applicant must clearly demonstrate the plan to successfully operate a business as well as the financial capacity to finance, open and operate a cannabis retail store, demonstrate their ability to respond to the challenges that may arise, both during the set up phase and in the initial operating phase of year one, and to propose any mitigating strategies that they may utilize to response to those challenges.

Business information must include:

- i. Particulars of individual for every director, shareholder, officer involved with the company, as well as the proposed manager of the cannabis store;
- ii. Particulars of incorporation of company (if applicable)
- iii. Particulars of Shareholding company (if applicable)
- iv. Certificate of incorporation
- v. Proposed business and operating name

The information on financial capacity must include:

- i. A high-level overview of anticipated start-up and operating costs. (Note: this will be evaluated against reasonable cost expectations developed by the

NTLCC. If costs are low, please explain why, such as equipment/premises already owned.)

Start-up Costs	Monthly	Annually
Owned building improvements or leasehold improvements		
Information technology costs		
Security equipment		
Other		

Operating Costs	Monthly	Annually
Rent/utilities/etc.		
Staffing costs		
Inventory management and sales tracking system costs		
Contingency		
Other		

Revenue	Monthly	Annually
In-store cannabis sales		
Accessories and ancillary sales		

- ii. A clear statement identifying the source of funds, including identification of all investors. The applicant must demonstrate access to funds adequate to meet the financial needs described in the tables above; and
- iii. A clear statement confirming that funds are lawfully obtained.

When considering financial integrity, the NTLCC will review the extensive financial disclosure required from the applicant, persons with ownership and decision-making authority and any investors who provide support to the business. This review is focussed on ensuring that the funds used for the cannabis retail store are legally obtained, and that the applicant has sufficient financial resources to establish and operate a cannabis retail store.

b. Other Related products

The applicant should provide a description of the other products that will be available for sale in their store, this can include promotional items, Cannabis related items, food stuffs and any other items that the applicant feels would be beneficial to the overall success of the proposed retail location. They should also include an estimate of the percentage of total sales expected to be from all available product lines.

**FACILITIES**

The applicant must clearly describe the proposed location for the cannabis retail store, including:

i. A floor plan of the premises;

Floor plans may be blueprints, architectural drawings, or a line drawing by hand. If the applicant is providing a line drawing, the floor plan must be of high quality and clearly legible. The drawing must include measurements as well as noting:

- Measurements;
- Entrances and exits;
- Dimensions/square footage;
- Location of shelving;
- Point of sale area;
- Office area;
- Delivery/Mail order area;
- Shipping/Receiving Area; and
- Proposed camera placement and area of coverage.

ii. A site plan of surrounding businesses;

Site plans may be hand drawn but must be of high quality and clearly legible.

The drawing must include:

- Detailed site plan of surrounding businesses;
- Other business name(s) (if vacant, please state);
- Geographical directions (i.e. North, South, East, West);
- Location and names of surrounding roadways; and
- Parking areas.

iii. An offer to lease for the proposed location;

iv. Information about the store's compliance with local government zoning (and other) by-laws;

v. A description of the storage system to be used at the store; and

vi. A description of the security system to be used at the store.

4. **Evaluation of the Proposals:** The NTLCC with the use of a fairness advisor will evaluate the application package based on the criteria outlined in the Request for proposals to determine which applicant is the highest rated of those that submitted a package and what type of recommendation will be made to the Minister about the application. This review will evaluate the application against the following:
- a. Meets and/or exceeds the evaluation criteria set forth in the Request for Proposals.
  - b. Meets the legislative and regulatory requirements of the Northwest Territories and the local community government;
  - c. Will not create risks to public health, safety or security, including the risk of cannabis being diverted to an illicit market or use;
  - d. Demonstrates a clear understanding of anticipated start-up and operating costs and estimated revenue;
  - e. Provides a clear statement identifying source of funds, including all investors, and satisfies the financial needs;
  - f. Provides a clear statement confirming that the funds are lawfully obtained;
  - g. Demonstrates economic viability of the venture;
  - h. Identifies and explicitly confirms that the proposed system will be able to complete customer transactions, maintain inventory, generate files for ordering, reporting and remitting taxes and reporting cannabis sales and purchases;
  - i. Confirms, if systems are part of a larger accounting frameworks, that it will keep records and reporting separate from other business points of sale;
  - j. Confirms that reports will be able to be submitted in CSV format; and
  - k. Establish that there are no other grounds for refusing the application.

The NTLCC will provide the Minister of Finance with a recommendation for approval or denial for each application received. The Minister of Finance will then make a determination, based on the evaluation against the criteria included above, whether to approve or deny the application.

5. **Acceptance and Pre-Sale Store Inspection:** After the application has been tentatively approved, a pre-sale store inspection will be required. This inspection will confirm that the information submitted as part of the application process has been met. In addition, the applicant will be required to submit the following prior to their formal designation as a cannabis vendor:
- a. Executed retail agreement with the NTLCC which includes provisions detailing required reporting and the authority of the NTLCC to complete inspections;
  - b. Executed copy of the lease agreement or certificate of title, in the name of the applicant;
  - c. Approved development permit;
  - d. Business license or written approval of the municipality; and
  - e. Fire approval/Right to occupy.

6. **Designation as a Cannabis Vendor:** Once the applicant has successfully completed all of the above steps, the applicant will be issued confirmation from the Minister that they have been designated as a cannabis vendor.

## APPENDIX 2 - SENSORY DISPLAY CONTAINER GUIDELINES

1. Cannabis vendors are permitted to use approved sensory display containers for the purposes of allowing patrons to examine cannabis products by sight and smell. Note: Sensory display containers are known as display pods or sniff jars.
2. An approved sensory display container must:
  - a. be transparent;
  - b. be lockable;
  - c. be secured (affixed or tethered) to the showcase/counter;
  - d. have a tamper-proof container that prevents access to the cannabis product contained within; and
  - e. have a maximum volume no more than 500 ml.
3. Cannabis vendors are prohibited from allowing patrons to physically or directly handle cannabis products.
4. Cannabis vendors are only permitted to use a maximum of 15 sensory display containers containing cannabis product on display at any given time.
5. Cannabis vendors are only permitted to use a maximum of 2 grams of cannabis product in each sensory display container.
6. Cannabis vendors must purchase cannabis products from their inventory to be used in sensory display containers.
7. Cannabis products used for display purposes are at cost to the cannabis vendor and must be purchased through their point-of-sale system.
8. Cannabis products used for display purposes must immediately be secured in sensory display containers.
9. Once a cannabis vendor has purchased cannabis products from their inventory for display purposes, those cannabis products are deemed to be unsaleable, no longer eligible to be sold.
10. All sensory display containers must be stored in the secure cannabis storage room outside of operating hours.
11. Cannabis vendors are responsible for maintaining accurate records of all cannabis products used for display purposes. The sales receipts/invoice indicating all product purchases must be retained by the cannabis vendor.
12. Cannabis vendors must maintain a sensory display log and record the following:
  - a. product code/Lot#/SKU ;
  - b. name of product;
  - c. quantity of product;
  - d. NTLCC invoice number;

- e. NTLCC invoice date;
  - f. date cannabis products purchased from inventory; and
  - g. date cannabis products removed from approved container.
13. The sensory display log must be retained on the cannabis vendor's premises for a period of two years.
14. Cannabis vendors must ensure cannabis products remain in sensory display containers until no longer used for display purposes.
15. Cannabis products that are removed from sensory display containers must be removed from the premises on the same business day. These cannabis products cannot be stored on the premises beyond the end of business day.
16. If cannabis product is being disposed of, it must be rendered unfit for use or consumption. Disposal of Cannabis is to follow the Federal Regulations, specifically. S. 229 (1)(2)(3).

## APPENDIX 3 - CANNABIS STORE PHYSICAL SECURITY REQUIREMENTS

1. A retail cannabis store designation will not be issued to an applicant who has not met the physical security requirements for the premises.
2. A retail cannabis store must be protected by a professionally installed and monitored alarm system that contains:
  - a. detectors to indicate unauthorized attempts to tamper with, open, enter or penetrate perimeter entry points, perimeter windows and secure cannabis storage room;
  - b. detectors to indicate unauthorized movement within the premises including the secure cannabis storage room;
  - c. capability to detect any attempts to tamper with the system or malfunctions with the system which must be immediately repaired by a professional technician;
  - d. panic/robbery button(s) installed at all point of sale positions.
3. A retail cannabis store must have a digital camera security system that contains:
  - a. cameras that are enclosed in the ceiling or domes and linked to a monitor and recording system located in a secure area within the premises;
  - b. cameras and lighting must be positioned to clearly capture 24 hour coverage of activity identifying all individuals entering/exiting the premises, including staff areas, and all individuals within the premises including the:
    - i. point of sale area(s);
    - ii. receiving area(s);
    - iii. customer area(s); and
    - iv. the secure cannabis storage room.
  - c. system must have on premises 14 day minimum recording retention in a common format that is easily accessible, captured, viewed and capable of producing real time digital colour video and still images that clearly identify individuals and contain a time/date stamp not obscuring the image;
  - d. recording and viewing system must be in a secure location within the premises along with a maintained surveillance plan showing camera numbers, locations, coverage, authorized users list and operating instructions.
  - e. recorded data and relevant information must be provided to the NTLCC and police upon request and are not to be destroyed if the cannabis vendor has knowledge, or should have had knowledge, of any pending criminal or regulatory investigation.
  - f. system must be tested weekly to ensure all cameras and recording equipment are functioning properly and a log of the test results must be kept and available to the NTLCC upon request.
  - g. all malfunctions must be immediately repaired.



4. A retail cannabis store must secure perimeter entry points against unauthorized access by:
  - a. the use of hollow metal doors with metal frame and tamper proof hinges at all entry points other than the customer entrance.
  - b. commercial grade non-residential locks on all access points with secured tamper proof strike plate.
  - c. customer entrance constructed of commercial grade material sufficient to secure against unauthorized access.
  - d. receiving door constructed of commercial grade material and locking device sufficient to secure against unauthorized access, with the ability to receive pallets.
  - e. perimeter locking devices not on a master key system.
5. All cannabis or cannabis accessories displayed in a customer area must be within a secure showcase that is locked at all times and accessible only by authorized staff.
6. All cannabis displayed within the locked showcase must be in its original sealed package or an approved container.
7. All cannabis accessories not displayed in a customer area must be stored in a locked storage room accessible only by authorized staff.
8. All cannabis not displayed in a customer area, and after operating hours all displayed cannabis, must be stored in a locked secure cannabis storage room accessible only by authorized staff.
9. The secure cannabis storage room cannot be used for any other purpose than the storage of cannabis, no other items or equipment may be present in the room.

## APPENDIX 4 - INSPECTIONS AND ENFORCEMENT

### General Information

1. A cannabis vendor must give NTLCC Inspectors full and unrestricted access to the vendor premises at any reasonable time (i.e. during regular business hours or at another time when people are present).
2. A cannabis vendor and their staff must not interfere in any way with NTLCC Inspectors performing their duties. The cannabis vendor is required to cooperate fully, including answering all reasonable questions regarding the management and operation of the premises.
3. A cannabis vendor must allow NTLCC Inspectors and officials to examine and make copies of all records, and if necessary, to remove records from the premises for further review.
4. When an NTLCC Inspector finds a cannabis vendor in contravention of the NTLCC or any relevant legislation, the Inspector may request the cannabis vendor to take appropriate steps to comply with the legislation or policy.
5. Any alleged violation observed by an NTLCC Inspector or a report of potential problems received from police, fire, health, other government official or the general public will be investigated and may result in an Incident Report or possible criminal charges by police or by the NTLCC.

### Guidelines

1. Inspectors visit the premises of cannabis vendors to:
  - a. check for compliance with the NTLCC policies and relevant territorial and federal legislation;
  - b. confirm no structural changes have been made to the premises affecting compliance with the licence;
  - c. investigate complaints;
  - d. conduct audits on cannabis vendor books and records;
  - e. respond to cannabis vendor concerns about the operation of the premises.
2. All Inspectors carry photo identification while on duty. A cannabis vendor may ask to see an Inspector's identification before providing any information.
3. Inspectors are available to meet with cannabis vendors to assist them in the interpretation of legislation and NTLCC policies; however, Inspectors may report any violations they observe.
4. The NTLCC supports and encourages police "walk through" programs. Every police officer is considered an Inspector under the *Cannabis Products Act*, and cannabis vendors and their staff are required to cooperate fully with police officers who enter the cannabis vendor's premises.

### **Cannabis Seizure and Analysis**

2. Unauthorized or illegal cannabis is not permitted in a cannabis vendor's premises.
3. Unauthorized or illegal cannabis includes, but is not limited to, cannabis that:
  - a. has been obtained from an unauthorized source;
  - b. has been altered in any manner;
  - c. is not contained in its original sealed package or NTLCC approved container;
  - d. is contained in a package that has been tampered with; or
  - e. is contained in a package with an altered or unauthorized label.
4. Any unauthorized or illegal cannabis products found in a cannabis vendor's premise will be seized immediately by an Inspector.
5. If cannabis is seized, an Inspector will submit a report which may result in disciplinary action up to and including suspension or cancellation of licence and/or territorial or federal charges.