



## SECTION 56 CLASS EXEMPTION IN RELATION TO THE *INDUSTRIAL HEMP REGULATIONS*

### **Definitions**

The terms used in this exemption have the same meaning as they do in the *Controlled Drugs and Substances Act* (CDSA) and in the *Industrial Hemp Regulations* (IHR).

### **Scope of the Exemption**

Pursuant to section 56 of the CDSA, a person who holds a valid licence issued under this exemption and who complies with the terms and conditions set out below is hereby exempted from sections 4, 5, 6 and 7 of the CDSA and the provisions of the IHR to the extent necessary to allow that person to

- a. import, export and possess industrial hemp;
- b. produce, sell, provide, transport, send or deliver industrial hemp; and
- c. offer to do anything mentioned in (b).

Sections 2 and 3 of the IHR, with the necessary adaptations, set out the scope of application of this exemption.

### **Eligibility and Licence**

1. To be eligible to hold a licence or permit issued under this exemption, a person must
  - a. if the person is an individual, ordinarily reside in Canada or, if the person is a partnership, have at least one of its partners is an individual who ordinarily resides in Canada;
  - b. if the person is a corporation or cooperative, have its head office in Canada or operate a branch office in Canada;
  - c. if the person is a corporation, cooperative or partnership, have officers, directors or partners, as the case may be, that do not have a criminal record that includes within the previous 10 years
    - i. a designated drug offence, or
    - ii. if he or she ordinarily resides in a country other than Canada, an offence that if committed in Canada would constitute a designated drug offence;
  - d. if the person is an individual, not be less than 18 years of age, or, if the person is a corporation, cooperative or partnership, must not have any of its officers, directors or partners, as the case may be, be less than 18 years of age;

.../2

- e. if the person is an individual, not have had, in the previous five years, a licence or authorization under the Act revoked, except if the revocation was due to loss or theft of the licence or authorization;
  - f. if the person is a corporation, cooperative or partnership,
    - i. not have any of its officers, directors or partners, as the case may be, that has had in the previous five years a licence or authorization revoked under the Act, except if the revocation was due to loss or theft of the licence or authorization, and
    - ii. not have any of its officers, directors or partners, as the case may be, that have been an officer, director or partner of a corporation, cooperative or partnership, as the case may be, that has had such a licence or authorization revoked in the previous five years, except if the revocation was due to loss or theft of the licence or authorization.
2. A person who applies for a licence under this exemption shall submit the following information and documents to the Minister, on a form provided by the Minister:
- a. the applicant's name, their mailing address and the phone number in Canada and, if applicable, their fax number and electronic mail address;
  - b. the applicant's date of birth, or in the case of a corporation, cooperative or partnership, the names and dates of birth of its officers, directors and partners as the case may be;
  - c. in the case of a corporation or cooperative, a copy of the certificate of incorporation or other constating instrument, and, in the case of a corporation, cooperative or partnership, a copy of any document registering with a province the name and style under which it operates or intends to operate;
  - d. the activity for which the licence is requested;
  - e. the form in which the industrial hemp is to be imported, exported, produced, sold, provided, possessed, transported, sent or delivered, as the case may be;
  - f. the address of each place where the industrial hemp is to be stored, sold or provided, indicating for each place the form of industrial hemp;
  - g. in the case of the cultivation of industrial hemp,
    - i. the approved cultivar that will be sown, or the variety of industrial hemp if the applicant is a plant breeder,
    - ii. if known, a statement that the applicant is the owner of the land to be used for the cultivation or a statement, signed by the owner of the land, indicating that he or she has consented to that use,

- iii. if the applicant is cultivating for seed, a statement that the he or she is a member of the Canadian Seed Growers' Association, and
  - iv. if the applicant is cultivating to produce breeder seed or a new variety of industrial hemp, a statement that he or she is a plant breeder;
- h. in the case of the processing of seed, viable grain or non-viable cannabis seed,
- i. the address of each place at which the processing will take place, and
  - ii. if the application is for conditioning seed or viable grain, a statement that a Certificate of Registration has been issued under Part IV of the *Seed Regulations* for the establishment at which the conditioning will take place;
- i. in the case of an importer of seed or viable grain, a statement that a Certificate of Registration has been issued under Part IV of the *Seed Regulations* for the establishment at which the imported seed or viable grain will be prepared, and the address of that establishment;
- j. for each establishment mentioned in paragraphs 2(h) and (i) of this exemption, a statement that an individual is licensed under section 96 of the *Seeds Regulations* as an operator of the establishment;
- k. in the case of the owner or operator of a laboratory who intends to possess industrial hemp for the purpose of testing for viability, a statement that the laboratory has been designated as an accredited laboratory under section 14 of the *Canada Agricultural Products Act*, and the address of the laboratory;
- l. the address of the place in Canada where the applicant will keep the records, books, electronic data or other documents that are required under this exemption to be kept;
- m. in respect of the applicant, each officer and director in the case of a corporation or cooperative and each partner in the case of a partnership, a document issued by a Canadian police force setting out for the previous 10 years his or her criminal record in respect of any designated drug offences, or indicating that the person has no such record;
- n. in addition to the document referred to in paragraph 2(m) of this exemption, for any officer, director or partner who ordinarily resides in a country other than Canada, a document issued by a police force of that country setting out for the previous 10 years his or her criminal record in respect of any offence that if committed in Canada would constitute a designated drug offence, or indicating that the person has no such record;

- o. a statement that the applicant will comply with the security measures set out in sections 36 and 37 of the IHR required under this exemption in respect of the activity; and
    - p. any other information required by the Minister.
- 3. An application shall be signed by the applicant, or in the case of a corporation, cooperative or partnership, by one of its officers, directors or partners, as the case may be, and indicate that all information and documents submitted in support of the application are correct and complete to the best of his or her knowledge.
- 4. A licence or permit issued on the basis of false or misleading information, or false or falsified document is invalid.
- 5. A licence or permit may be revoked if,
  - a. in the case of cultivation of industrial hemp,
    - i. the licence holder is no longer a member of the Canadian Seed Growers' Association, or
    - ii. the licence holder is no longer a plant breeder and is cultivating to produce breeder seed or a new variety of industrial hemp;
  - b. in the case of conditioning seed or viable grain, the establishment at which the conditioning takes place no longer holds a Certificate of Registration issued under Part IV of the *Seed Regulations*;
  - c. in the case of an importer of seed or viable grain, the establishment at which the conditioning will take place no longer holds a Certificate of Registration issued under Part IV of the *Seed Regulations*; or
  - d. in the case of the owner or operator of a laboratory who intends to possess industrial hemp for the purpose of testing for viability, the laboratory no longer is designated as an accredited laboratory under section 14 of the *Canada Agricultural Products Act*.
- 6. A licence or permit may be revoked where it is necessary to protect the security, safety or health of the public, if there are reasonable grounds to believe that the holder has failed to comply with any condition of the licence or the terms and conditions of this exemption.
- 7. A licence or permit shall be revoked at the request of the holder, or when he notifies the Minister that the licence or permit has been lost or stolen.

### **Terms and Conditions**

- 8. A person who holds a licence shall comply with section 4 of the IHR.

9. Only a person that holds a licence may engage in any of the following activities that are permitted by their licence:
  - a. the importation or exportation of industrial hemp;
  - b. the production, sale or provision of industrial hemp.
10. A person who holds a licence is subject to subsections 5(2) to (4) and section 6 of the IHR, with the necessary adaptations.

#### Post-Licensing Notifications

11. Within 15 days after seeding, a person who holds a licence to cultivate industrial hemp must provide in their notification to the Minister the following:
  - a. the number of hectares cultivated for seed or viable grain and the number of hectares to be cultivated for fibre;
  - b. the Global Positioning System coordinates to situate each site cultivated;
  - c. if any part of the site is cultivated for seed or viable grain, the Global Positioning System coordinates to situate that part of the site; and
  - d. if not already provided, a statement that the applicant is the owner of the land to be used for the cultivation or a statement, signed by the owner of the land, indicating that he or she has consented to that use.

#### Other Notifications

12. The holder of a licence shall notify the Minister in accordance with sections 11 and 12 of the IHR, with the necessary adaptations.

#### Amendments

13. Where the holder of a licence requires an amendment to the licence, he or she may submit a written request to the Minister, together with the licence.

#### Cultivation

14. A person who holds a licence to cultivate industrial hemp is subject to section 14, subsection 15(2) and section 17 of the IHR.
15. Unless testing is not required for an approved cultivar in a region, as indicated in the *List of Approved Cultivars*, a person who holds a licence to cultivate seed or breeder seed shall, in order to determine the concentration of THC in the hemp,

- a. have samples of the industrial hemp collected in accordance with the methods set out in the Manual; and
  - b. have samples tested at a competent laboratory using analytical procedures set out in the Manual.
16. A person who holds a licence shall submit to the Minister the results of each laboratory test:
- a. if the test occurs before November 15, by November 15 of the same calendar year;
  - b. if the test occurs on November 15 or after, by November 15 of the following calendar year.

### Importation and Exportation

17. A person who is licenced to import seed is subject to section 18, subsection 19(1) and section 20 of the IHR.
18. An importer who applies for a permit to import industrial hemp is subject to section 21 of the IHR and must hold a licence to import industrial hemp.
19. A person who is licensed to import industrial hemp is subject to sections 23 and 24 of the IHR.
20. A person who is licensed to import industrial hemp shall verify that the package and the content does not contravene any known requirement of the law of the country from which the industrial hemp is imported, or any country of transit or transshipment.
21. A person who applies for a permit to export industrial hemp is subject to section 26 of the IHR and must hold a licence to export industrial hemp.
22. A person who is licenced to export industrial hemp shall comply with sections 28 and 29 of the IHR.
23. A person who is licensed to export industrial hemp shall verify that the package and the content does not contravene any known requirement of the law of the country to which the industrial hemp is exported, or any country of transit or transshipment.

### General

24. Every licence holder is subject to sections 31, 32 as well as sections 34 to 38 of the IHR, with the necessary adaptations.

25. Every licence holder who is required by conditions of this exemption to have the THC concentration in industrial hemp tested, or to maintain records of this testing, shall keep a representative sample of the industrial hemp tested for at least one year. This sample must be collected in accordance with the Manual.

### Inspection

26. A person who holds a licence must allow any inspector duly authorized under the CDSA to enter their site, at any reasonable time, to ensure compliance with this exemption and must allow the inspector to exercise all the powers and functions set out in section 31 of the CDSA, with the necessary adaptations.
27. A person who holds a licence must not, by act or omission, obstruct an inspector who is engaged in an inspection under Term and Condition 26.
28. A person who holds a licence must not knowingly make any false or misleading statement verbally or in writing to an inspector who is engaged in an inspection under Term and Condition 26.
29. A person who holds a licence must not, without the permission of an inspector, remove, alter or interfere in any way with anything seized, detained or taken by an inspector as a result of an inspection under Term and Condition 26.
30. At the site entered by an inspector for the purpose of ensuring compliance with the exemption, the person who holds a licence must give the inspector all reasonable assistance and furnish the inspector with any information the inspector may reasonably require for the purpose of the inspection.

### Duration

31. A licence is valid for the calendar year for which it is issued, and continues to be valid until March 31 of the following year.
32. An import or export permit is valid for a maximum of six months, as specified on the permit, or until the permit holder's licence expires, whichever is earlier.
33. This exemption expires on the earliest of the following three dates:
  - the date on which this exemption is replaced by another exemption,
  - the date of revocation,
  - December 31, 2017.

The exemption may be suspended without prior notice if the Minister deems that such suspension is necessary to protect public health, safety or security. If necessary, the Minister may change the terms and conditions of this exemption. Should this be the case, you will be informed in writing and reasons for the changes will be provided.

Notwithstanding the conditions above on the ability to suspend, the Minister may suspend or revoke the exemption if she believes that it is no longer in the public interest.

*Original signed by Ana G. Renart*

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Director General, Controlled Substances Directorate  
Healthy Environments and Consumer Safety Branch, Health Canada  
For and on behalf of the Minister of Health

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