

NACCBTM

NATIONAL ASSOCIATION
CANNABIS BUSINESSES

Why Self-Regulation for Cannabis?

- Increases legitimacy in eyes of key actors (regulators, financial institutions, investors)
- Promotes public trust in industry
- Shapes future government regulation
- Strikes balance between what works for the industry and what's good for public
- Enhance business opportunities for responsible businesses

SRO EXAMPLES:



Stakeholder Needs

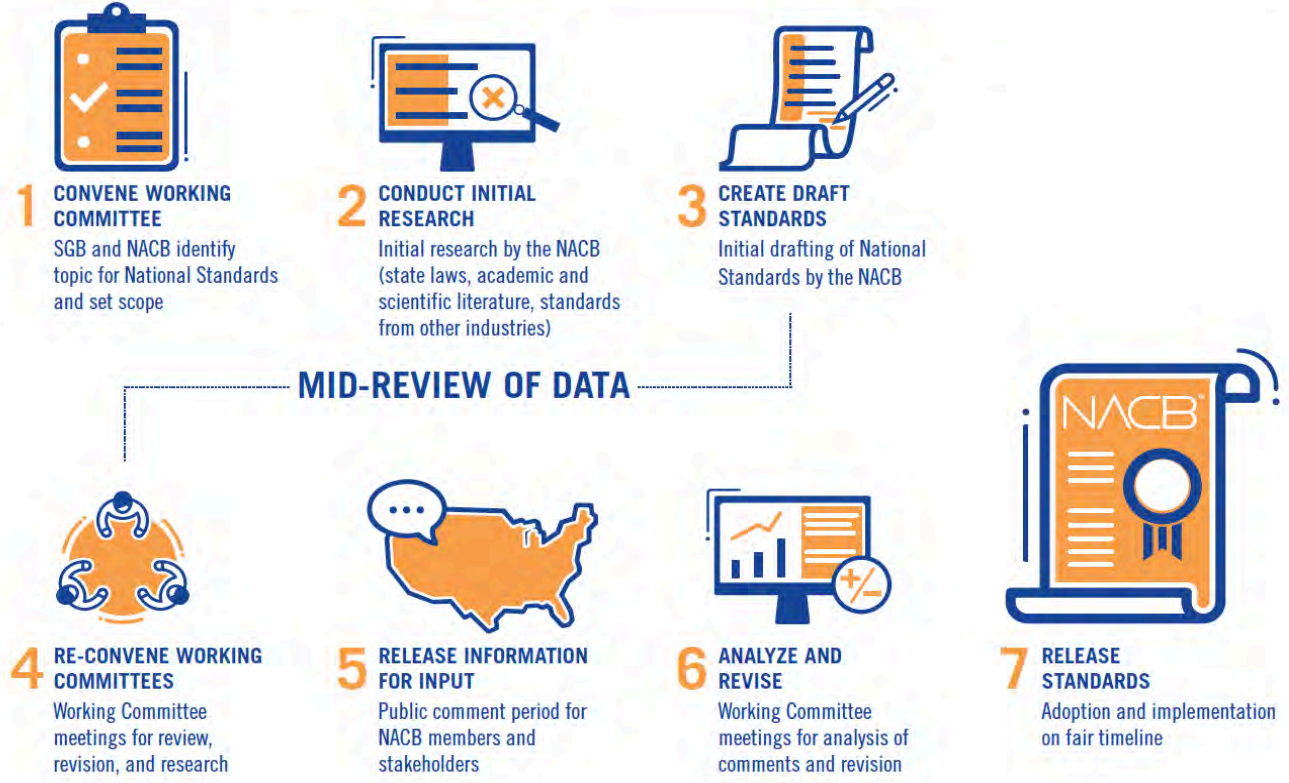
Cannabis industry

- Fair and inclusive process
- Regulations are practical
- No material conflict with other laws or standards
- Economic or other benefit

Regulators, public, and institutions

- Address right issues
- Sufficient enforcement
- Accountability of members and SRO

NACB NATIONAL STANDARDS PROCESS



Matters in the NACB's Scope

- Packaging/Labeling (adopted)
- Advertising (published)
- Lab Testing
- Financial Integrity
- Audits/Inspections
- Record Keeping
- Compliance Procedures
- Sales Practices
- Impaired Driving
- Product Safety
- Employee Education
- Diversion
- Pesticides

Issues of concern to federal government under ANY administration*

- Preventing distribution to minors
- Preventing revenue from funding criminal enterprises
- Preventing out-of-state diversion
- Preventing use of legal sales as a cover for criminal activity
- Preventing violence and use of firearms
- Preventing drugged driving and other public health consequences
- Preventing growing on public lands
- Preventing use or possession on federal property

*Cole Memo factors (rescinded, or are they?)

Financial Integrity is key to addressing many concerns of federal, state and local governments

- Account for all sales and transfers
- Track movement of cash
- Demonstrate that inventory comes from / goes to licensed business
- Demonstrate that all inventory distributed in-state
- Records of transactions to help show that sales are authorized
- Understanding the source of funding and beneficial ownership
- Demonstrate taxes fairly calculated and timely paid

Existing Processes are Inadequate

- Banks and regulators request financial data to demonstrate compliance and good behavior, but not always sure what they're looking for
- Seed to Sale tracking systems don't provide enough detail
- Business are still forced to gather financial data manually and from many different sources
 - *NACB developing a platform to make this process easier, faster, and more reliable*
- No standardized system for cannabis businesses

Developing Standards for Financial Integrity

- What are the cornerstones of financial integrity for cannabis businesses?
- What tools are the best businesses currently using?
- What other tools are out there?
- How do analogous industries operate?
- What principles and practices will best demonstrate financial integrity?
- Is there a gold standard?

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Be ready.TM