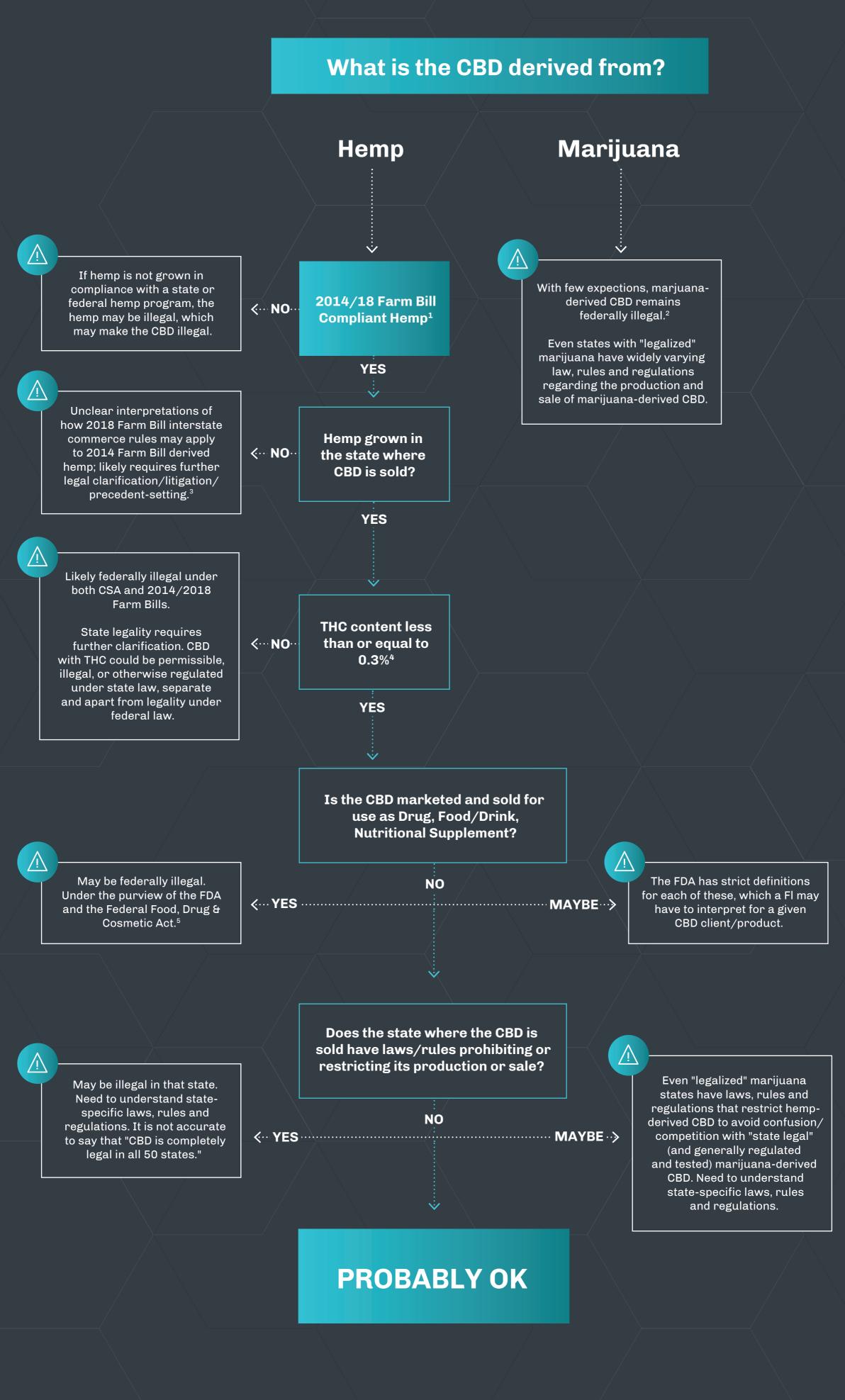


CBD Consideration Tree

CBD sales have skyrocketed following the passage of the 2018 Farm Bill, which declassified hemp as a controlled substance, but has left the status of cannabidiol (CBD) in a murky gray area. Yet this has not stopped producers and retailers from lining their shelves. Financial institutions taking a closer look at providing banking services to CBD-related businesses can use this flowchart to walk through the questions to consider when assessing compliance risks with federal and state marijuana, hemp, and CBD legislation.



For Informational Purposes Only. All rights reserved® 2019 CRB Monitor.

- 1 Although passed in 2018, the 2018 Farm Bill rules and regulations have not been completed, published or implemented by the USDA. Until the time those rules and regulations are completed and individual states have created compliant programs that have been reviewed and approved by the USDA, 2014 Farm Bill rules and regulations are in effect.
- 2 First, the FDA-approved medicine Epidiolex contains marijuana-derived CBD, but is a Schedule V drug and requires a prescription. Second, the definition of 'marijuana- under the CSA contains exceptions for 'Exempt Plant Material'. In theory, if CBD was derived from Exempt Plant Material, then it may not be illegal
- 3 There are atleast two recent cases that differ- one that found the 2018 Farm Bill allows for interstate commerce and one that found that 2018 Farm Bill provision related to interstate commerce does not apply to 2014 Farm Bill hemp (the 2014 Farm Bill did not permit interstate commerce of hemp). The USDA's general counsel, however, issued an opinion (on behalf of the USDA) that interstate commerce of 2014 Farm Bill hemp is legal given the 2018 Farm Bill provision.
- 4 THC and CBD are separate and distinct compounds found in cannabis either "hemp• and 'marijuana: Although distinct compounds, hemp-derived CBD may contain trace amounts of THC, potentially exceeding the 0.3% threshold.
- 5 The FDA and FD&C Act only apply to interstate commerce. Although activities may technically violate the FD&A Act, if the CBD product is only produced and sold within a state, the FDA may not be able to enforce the FD&A Act.

Deciding whether to bank or looking to avoid CBD customers?

CRB Monitor's definitive database of cannabis-related corporate intelligence enables financial institutions to reveal connections and evaluate risk and opportunity.

