

REGULATORY REGISTRY FEEDBACK FORM

Cannabis Retail and Distribution in Ontario: Proposed Regulations under the *Cannabis Act, 2017, Ontario Cannabis Retail Corporation Act, 2017, Pay Equity Act, and Freedom of Information and Protection of Privacy Act*

The Ontario government would like your feedback on regulatory proposals related to the retail and distribution of cannabis.

The government proposes to make regulations governing the operation of the Ontario Cannabis Retail Corporation (OCRC) and related matters in support of Ontario's safe and sensible framework for recreational cannabis. More information on the proposed regulations can be found in the summary paper provided on the [Regulatory Registry](#).

Please use this form to submit your feedback on the proposed regulations that are of interest to you. The closing date for providing feedback is **February 7, 2018**.

Contact Information

Please provide your name, title and the full name and address of your organization (if you are submitting comments on behalf of an organization).

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About You or Your Organization

Greenstream is a Montreal-based blockchain technology company that was founded to create a healthy and sustainable future for the Canadian legal cannabis market across. In support of this mission, Greenstream invites the Ontario government to consider blockchain as the solution for the regulatory oversight of the cannabis supply chain and related financial transactions.

As more fully described in its final comments, Greenstream has leveraged blockchain technology to develop a regulatory compliance platform that enables unprecedented oversight of the cannabis supply chain in real-time. The Greenstream platform is capable of recording and containing the complete history of cannabis transactions in a manner that is immutable, verifiable and accessible by regulators and stakeholders on a permission basis. The platform includes a new medium of exchange that is capable of internalizing the evolving federal, provincial, and territorial regulatory frameworks, ensuring that only tax remitting, regulatory compliant transactions are possible.

The benefits of adopting Greenstream’s platform include guaranteeing provenance, traceability and auditability; reducing the costs of government oversight; ending the possibility for illegal cannabis to infiltrate the legal market through untraceable, cash transactions; preventing the sale of cannabis to youth; and, ensuring the conversion of legally produced cannabis into federal and provincial tax revenue. In short, Greenstream’s platform advances the essential purposes of Ontario’s *Cannabis Act, 2017*, to protect public health and safety while eliminating the black market.

Greenstream is grateful for the opportunity to provide feedback to the Ontario government on its regulatory proposals related to the retail and distribution of cannabis, which it considers will substantially improve the government’s capacity for regulatory oversight of the cannabis supply chain. Greenstream remains available to further discuss any aspect of its feedback, as well as the government’s proposal.

Sincerely,

Doug Kukura
CEO, Greenstream

Region

Greenstream’s regulatory compliance platform would enable unprecedented oversight of the cannabis supply chain in Ontario and across Canada.

- 1. Central Ontario
- 2. Eastern Ontario
- 3. Greater Toronto Area
- 4. Northern Ontario
- 5. Southeastern Ontario
- 6. Southwestern Ontario
- 7. Western Ontario
- 8. Provincial



Proposed Regulations

Supply Chain and Other Exemptions

The following exemptions are proposed:

OCRC activities

- Exemptions to allow the OCRC to conduct its business (e.g., lawfully purchase product from licensed processors).

Federally authorized entities (e.g., cultivators, processors, researchers, etc.)

- Exemptions to allow federally authorized entities to sell and distribute cannabis to other federally authorized entities, the OCRC, and authorized retailers in other jurisdictions.
- Exemptions to allow federally authorized entities in Ontario to undertake activities required to conduct their business.
- Exemptions to allow federally authorized entities in Ontario to undertake activities to supply provinces or territories where the federal government has authorized a direct-mail retail system, if applicable.

Cannabis activities in Ontario conducted by other jurisdictions

- Exemptions to enable authorized retailers in other jurisdictions to lawfully conduct business in Ontario (e.g., transport cannabis) to support the distribution of legal cannabis in other jurisdictions.

Service providers

- Exemptions to ensure service providers can act on behalf of the OCRC, federally authorized entities, and entities authorized by other provincial/territories (e.g., transportation companies).

Personal cannabis importation

- Exemptions to permit individuals 19 years of age and older to import cannabis on their person acquired lawfully in another Canadian jurisdiction into Ontario, subject to the federal possession limit of 30 grams.

Industrial hemp

- Exemptions to exclude the industrial hemp industry from the application of the *Cannabis Act, 2017*.

Do you have any comments regarding the proposed exemptions?

Greenstream is in broad agreement with the proposed exemptions, provided that the exempted entities and service providers are holders of either federally or provincially-issued licences that contain record-keeping and reporting requirements. Such record-keeping and reporting requirements should, at a minimum, relate to data on supply chain and financial transactions, including product description, weight or volume, and revenue etc.

Greenstream has concerns regarding entities/service providers that would be engaged in the transportation and/or storage of significant amounts of cannabis, or for whom the transportation and storage of cannabis represents a core activity. There are currently no federal requirements for such entities/service providers to hold a licence or to engage in record-keeping and reporting. In the absence of similar federal or other provincial regulations, Greenstream recommends that the Government of Ontario develop regulations that make it a requirement for entities/service providers seeking one of the proposed exemptions to comply with the record-keeping and reporting obligations described above. Comprehensive regulatory oversight is needed for the transportation and storage of cannabis if the government is to achieve its purpose of protecting public health and safety and eliminating the illegal market.

Greenstream is pleased to advise that its platform is capable of internalizing the evolving federal, provincial, and territorial regulatory frameworks, which would simplify Ontario's ability to keep track of the status of licence and exemption holders, as well as their supply chain activities, across the country. In addition, the Greenstream platform would provide industry participants with a means to publish verifiable data on supply chain and financial transactions in a permission-based, shareable ledger. In this way, Greenstream's platform would enhance licence and exemption holders' ability to demonstrate regulatory compliance, in accordance with section 14 of the Ontario *Cannabis Act, 2017*. Greenstream's platform greatly enhances the capacity for regulatory oversight, reducing the need for frequent and costly audits or inspections.

Age Verification

The proposed definition for acceptable identification is:

- a government issued photo-identification card containing the individual's date of birth; or
- LCBO's identification card ('BYID' card).

Do you have any comments regarding the proposed age verification identification definition?

Greenstream strongly urges the government of Ontario to implement regulations that allow for the use of Greenstream's blockchain-enabled payment and identity platform, which is capable of irrefutably verifying age and tracking consumer purchases.

Greenstream's platform includes a cryptographically secure medium of exchange that could take the form of an identity and payment card. Unlike conventional identification cards such as the proposed BYID card, Greenstream's platform includes an identity management system that guarantees data integrity by preventing the unauthorized use and alteration of data. Unique consumer identification, including age and possession limits, can be programmed into the payment card in an immutable way, eliminating the need for the traditional photo-identification card, which is subject to tampering.

Standardization of Greenstream's blockchain-enabled payment platform across Ontario would effectively eliminate the possibility for cannabis to be sold to youth, advancing an essential purpose of the *Cannabis Act, 2017*.

Uniform Pricing

Uniform pricing is proposed for all OCRC stores and its online channel, that is, prices set by the OCRC for various classes, varieties and brands of cannabis and accessories would be the same at all OCRC stores, including the online channel.

Do you have any comments regarding the proposed uniform pricing regulation?

Greenstream recognizes the Ontario government's objectives in proposing uniform pricing in all OCRC stores as well as for its online channel, notably, to ensure fairness for consumers across Ontario. Greenstream supports this position provided that the uniform prices are competitive

enough to eliminate the illegal market in all regions of Ontario. As black market prices may vary from region to region, the uniform price for a given product would need to be lower than the lowest black market price point.

Greenstream has further concerns regarding the Ontario government's decision to invest exclusively in the establishment of a new provincial monopoly for the sale and distribution of cannabis, given the risk that the Supreme Court of Canada's forthcoming decision in *Her Majesty the Queen v. Gerard Comeau* could bring significant pressure to deregulate aspects of government-run corporations for alcohol and cannabis. In view of this risk, Greenstream encourages the Ontario government to continue exploring private sector solutions for the sale and distribution of cannabis.

To this end, and as more fully described in its final comments, Greenstream is pleased to report that it has leveraged blockchain technology to develop a regulatory compliance platform that would enable the Ontario government to engage in unprecedented oversight of supply chain transactions. Endorsing this platform would help the government mitigate risks it associates with the private distribution and sale of cannabis.

Hours of Operation

Permissible regular hours of operation for OCRC retail stores are proposed to be:

- Monday to Saturday 9:00 a.m. to 11:00 p.m.
- Sunday 11:00 a.m. to 6:00 p.m.

In practice, OCRC stores across the province may not be open for the full duration of the permitted hours, which is the case today with LCBO stores.

Do you have any comments regarding the proposed hours of operation for OCRC retail stores?

Greenstream supports the proposed hours of operation for OCRC retail stores. Greenstream notes that its platform can prohibit transactions attempted outside the hours of operation established by each OCRC store.

Anti-Diversion Measures

It is proposed that the OCRC must have the following measures in place:

- physical security and storage standards;
- standards for hiring employees;
- employee training in security procedures; and,
- standards for contracts with service providers.

Do you have any comments regarding the proposed anti-diversion requirements for OCRC?

Greenstream strongly agrees with the need to have the proposed anti-diversion measures in place.

In addition, Greenstream recommends that the Ontario government introduce regulations prohibiting the hiring of individuals with associations to organized crime, or with past convictions for, or an association with, drug trafficking, corruption or violent offences represent an inadmissible risk to the legal market for cannabis. Given the high risk of illegal cannabis being used as a source of supply in the legal market, Greenstream also recommends that the government consider prohibiting the hiring of individuals with a history of non-violent, lower-risk activity.

In order to combat diversion, moreover, Greenstream recommends that the Ontario government introduce record-keeping and reporting requirements with respect to the storage of cannabis, notably, for product description, weight and volume, etc.

Greenstream remains concerned, however, by the absence of a federal or provincial solution to the risk of illegal cannabis infiltrating the legal market through untraceable cash transactions, in particular given the likelihood that the supply of legal cannabis is not expected to meet demand come July 2018.

In this regard, Greenstream notes that its regulatory compliance platform includes a medium of exchange that is capable of ensuring that only tax remitting, regulatory compliant transactions are possible. Standardization of this new medium of exchange across the cannabis supply chain would effectively eliminate the possibility for illegal cannabis to infiltrate the legal market through untraceable, cash transactions. In light of the increasing risk that illegal cannabis will be used to make up for shortfalls in supply at the outset of legalization, Greenstream strongly urges the government to consider including this blockchain-enabled medium of exchange in its regulatory approach.

Record-Keeping

It is proposed that the OCRC would be required to maintain records needed to demonstrate compliance with provincial legal obligations.

Do you have any comments regarding the proposed record-keeping requirements for OCRC?

Greenstream strongly supports the proposal that the OCRC be required to maintain records in order to demonstrate compliance with provincial legal obligations. In particular, Greenstream urges the Ontario government to develop regulations requiring the OCRC to maintain records of and report data regarding cannabis product types and descriptions, weight and/or volume of cannabis distributed, transported, stored/warehoused, sold, as well as associated revenue, etc.

Greenstream is pleased to advise the Ontario government that its platform would greatly simplify the OCRC's ability to demonstrate compliance with such requirements. The Greenstream platform would provide the OCRC with a means to publish verifiable data on supply chain and financial transactions in a permission-based, shareable ledger, reducing the need for frequent and costly audits or inspections.

Additional Regulatory Amendments

Pay Equity Act

An amendment to the Pay Equity Act O. Reg. 387/07: PRESCRIBED BODIES, CROWN AS EMPLOYER is necessary to prescribe the Crown as the employer of employees of the OCRC under the Pay Equity Act, 1990.

Freedom of Information and Protection of Privacy Act

An amendment to *Freedom of Information and Protection of Privacy Act* Reg. 460: GENERAL is required to prescribe OCRC as an institution and the President and Chief Operating Officer as the head of the institution under the Act.

Do you have any comments regarding the proposed regulatory amendments to the *Pay Equity Act* and *Freedom of Information and Protection of Privacy Act*?

Greenstream has no comments regarding the proposed regulatory amendments to the *Pay Equity Act* and *Freedom of Information and Protection of Privacy Act*.

We are interested in any other comments or suggestions you wish to make.

As described in the foregoing, Greenstream urges the government to develop regulations that would encourage the use of a blockchain-enabled regulatory compliance platform for the legal cannabis industry in the Province of Ontario.

Greenstream's platform would enable unprecedented oversight of supply chain and financial transactions. In particular, Greenstream's platform is capable of recording and containing the complete history of cannabis transactions and inventory in a manner that is immutable, auditable and accessible in real-time on a permission basis. The integrity of the tracking is ensured through an identity management system that is interoperable with existing supply chain management solutions. Through this identity management system, all changes in the custody of goods are attributable to a single entity or individual, allowing for a single repository of all transactions, or, a single source of truth for value and product transfers. By uniting the data collected by conventional supply chain management solutions, Greenstream greatly simplifies the administrative burden of regulatory oversight. Unlike conventional cloud-based or on premise supply chain solutions, moreover, Greenstream's platform guarantees data integrity by preventing the unauthorized use and alteration of data that can lead to supply chain obfuscation. In this way, Greenstream's platform also guarantees provenance and traceability.

Furthermore, through a cryptographically secure medium of exchange, the Greenstream platform is capable of internalizing federal, provincial and territorial regulatory frameworks as they evolve, ensuring that only tax remitting, regulatory compliant transactions are possible. Standardization of this new medium of exchange across the cannabis supply chain would effectively eliminate the possibility for cannabis to be sold to youth or for illegal cannabis to infiltrate the legal market through untraceable, cash transactions. In light of the increasing risk

that illegal cannabis will be used to make up for shortfalls in supply at the outset of legalization, Greenstream strongly urges the government to consider including this blockchain-enabled medium of exchange in its regulatory approach.

The Greenstream platform enables the recording of all supply chain transaction details. notably, with respect to: cannabis sown, propagated and harvested; cannabis obtained, returned, ordered, delivered, sent and sold; cannabis destroyed; cannabis used at each stage of production; cannabis used in research and development; and, loss and theft. Greenstream supports the inclusion of this information as part of monthly reporting requirements for license holders at each stage of the supply chain.

In addition, Greenstream's platform is capable of tracking the movement of cannabis throughout the supply chain and may be used by various government authorities to verify compliance or prevent non-compliance with other federal, provincial, or territorial laws respecting cannabis; it may be used as a data collection tool that would show both inventory and production levels, as well as high-level movements of cannabis (e.g. from cultivator to processor, from processor to the OCRC, etc.) across the supply chain; it may also be used to facilitate inspections, audits and enforcement actions in real-time, saving countless tax dollars.

In short, Greenstream's platform is an unprecedented solution for storing trusted supply chain data that enhances regulatory oversight while empowering the government to make evidenced-based cannabis policy that prioritizes public health and safety.

Please submit your feedback on the Regulatory Registry by **February 7, 2017**

Privacy Statement

Please note that unless requested and agreed otherwise by the Ministry of Finance, all materials or comments received from organizations in response to this consultation will be considered public information and may be used and disclosed by the ministry to assist the government in developing the proposed regulatory amendments. This may involve disclosing materials or comments, or summaries of them, to other interested parties during and after the request for public comment process.

An individual who provides materials or comments and who indicates an affiliation with an organization will be considered to have submitted those comments or materials on behalf of the organization so identified. Materials or comments received from individuals who do not indicate an affiliation with an organization will not be considered public information unless expressly stated otherwise by the individual. However, materials or comments from individuals may be used and disclosed by the ministry to assist in developing the proposed regulatory amendments.

Personal information of those who do not specify an organizational affiliation, such as an individual's name and contact details, will not be disclosed by the ministry without the individual's consent unless required by law. If you have any questions about the collection of this information, please contact Yanani Nadarajah at yanani.nadarajah@ontario.ca.