DEPARTMENT OF REVENUE
Marijuana Enforcement Division

MEDICAL MARIJUANA RULES
1 CCR 212-1

[Editor's Notes follow the text of the rules at the end of this CCR Document.]

M 100 Series – General Applicability

M 103 – Definitions

Definitions. The following definitions of terms, in addition to those set forth in section 12-43.3-104, C.R.S., shall apply to all rules promulgated pursuant to the Medical Code, unless the context requires otherwise:

“Affiliated Interest” means any Business Interest related to a Medical Marijuana Business that does not rise to the level of a Financial Interest in a Medical Marijuana Business license. An Affiliated Interest may include, but shall not be limited to, an Indirect Beneficial Interest Owner that is not a Financial Interest, an indirect financial interest, a lease agreement, secured or unsecured loan, or security interest in fixtures or equipment with a direct nexus to the cultivation, manufacture, sale, transportation, or testing of Medical Marijuana or Medical Marijuana-Infused Products. Except as otherwise provided by these rules, an Affiliated Interest holder shall neither exercise control of nor be positioned so as to enable the exercise of control over the Medical Marijuana Business or its operations. A Medical Marijuana Business shall report each of its Affiliated Interests to the Division with each application for initial licensure, renewal, change of ownership or change of corporate structure.

“Associated Key License” means an Occupational License for an individual who is a Direct Beneficial Interest Owner of the Medical Marijuana Business, other than a Qualified Limited Passive Investor, and any Person who controls or is positioned so as to enable the exercise of control over a Medical Marijuana Business. Each shareholder, officer, director, member, or partner of a Closely Held Business Entity that is a Direct Beneficial Interest Owner and any Person who controls or is positioned so as to enable the exercise of control over a Medical Marijuana Business must hold an Associated Key License.

“Commercially Reasonable Royalty” means a right to compensation in the form of a royalty payment for the use of product-specific intellectual property. A Commercially Reasonable Royalty must be limited to specific intellectual property the Commercially Reasonable Royalty Interest Holder owns or is otherwise authorized to license. A Commercially Reasonable Royalty will not be approved where it could cause reasonable consumer confusion or violate any federal copyright, trademark or patent law or regulation. The Commercially Reasonable Royalty shall provide for compensation to the Commercially Reasonable Royalty Holder as a percentage of gross revenue or gross profit. The royalty payment must be at a reasonable percentage rate. To determine whether the percentage rate is reasonable, the Division will consider the totality of the circumstances, including but not limited to the following factors:

a. The percentage of royalties received by the recipient for the licensing of the intellectual property.

b. The rates paid by the Licensee for the use of other intellectual property.
c. The nature and scope of the license, as exclusive or non-exclusive; or as restricted or non-restricted in terms of territory or with respect to whom the product may be sold.

d. The licensor’s established policy and marketing program to maintain his intellectual property monopoly by not licensing others or by granting licenses under special conditions designed to preserve that monopoly.

e. The commercial relationship between the recipient and Licensee, such as, whether they are competitors in the same territory in the same line of business.

f. The effect of selling the intellectual property in promoting sales of other products of the Licensee; the existing value of the intellectual property to the recipient as the generator of sales of his non-intellectual property items; and the extent of such derivative sales.

g. The duration of the term of the license for use of the intellectual property.

h. The established or projected profitability of the product made using the intellectual property; its commercial success; and its current popularity.

i. The utility and advantages of the intellectual property over products or businesses without the intellectual property.

j. The nature of the intellectual property; the character of the commercial embodiment of it as owned and produced by the licensor; and the benefits to those who have used the intellectual property.

k. The portion of the profit or of the selling price that may be customary in the particular business or in comparable businesses to allow for the use of the intellectual property.

l. The portion of the realizable profit that should be credited to the intellectual property as distinguished from non-intellectual property elements, the manufacturing process, business risks, or significant features or improvements added by the Licensee.

“Finished Marijuana” means post-harvest Medical Marijuana including flower and trim that has completed the curing and drying process or has been harvested for more than sixty (60) days.

“Flowering” means the reproductive state of the Cannabis plant in which there are physical signs of flower or budding out of the nodes in the stem.

“Heat/Pressure Based Medical Marijuana Concentrate” means a Medical Marijuana Concentrate that was produced by extracting cannabinoids from Medical Marijuana through the use of heat and/or pressure. The method of extraction may be used by only a Medical Marijuana-Infused Products Manufacturer and can be used alone or on a Production Batch that also includes Water-Based Medical Marijuana Concentrate or Solvent-Based Medical Marijuana Concentrate.

“Immature Plant” means a nonflowering Medical Marijuana plant that is no more than four inches wide or four inches tall produced from a cutting, clipping or seedling and that is in a growing container that is no larger than two inches wide and two inches tall that is sealed on the sides and bottom. Plants meeting these requirements are not attributable to a Licensee’s maximum allowable plant count, but must be fully accounted for in the Inventory Tracking System.”
“Medical Marijuana” means marijuana that is grown and sold pursuant to the Medical Code and includes seeds and Immature Plants. Unless the context otherwise requires, Medical Marijuana Concentrate is considered Medical Marijuana and is included in the term “Medical Marijuana.”

“Medical Marijuana Business Operator” means an entity that holds a registration or license from the State Licensing Authority to provide professional operational services to one or more Medical Marijuana Businesses for direct remuneration from the Medical Marijuana Business(es), which may include compensation based upon a percentage of the profits of the Medical Marijuana Business(es) being operated. A Medical Marijuana Business Operator may contract with Medical Marijuana Business(es) to provide operational services. A Medical Marijuana Business Operator’s contract with a Medical Marijuana Business does not in and of itself constitute ownership. The Medical Code and rules apply to all Medical Marijuana Business Operators regardless of whether such operator holds a registration or license. Any reference to “license” or “licensee” shall mean “registration” or “registrant” when applied to a Medical Marijuana Business Operator that holds a registration issued by the State Licensing Authority.

“Medical Marijuana Concentrate” means a specific subset of Medical Marijuana that was produced by extracting cannabinoids from Medical Marijuana. Categories of Medical Marijuana Concentrate include Water-Based Medical Marijuana Concentrate, Food-Based Medical Marijuana Concentrate, Solvent-Based Medical Marijuana Concentrate and Heat/Pressure Based Medical Marijuana Concentrate.

“Permitted Economic Interest” means an Agreement to obtain an ownership interest in a Retail Marijuana Establishment or Medical Marijuana Business when the holder of such interest is a natural person who is a lawful United States resident and whose right to convert into an ownership interest is contingent on the holder qualifying and obtaining a license as a Direct Beneficial Interest Owner under the Retail Code or Medical Code. A Permitted Economic Interest holder is an Indirect Beneficial Interest Owner.

“Retail Marijuana” means all parts of the plant of the genus cannabis whether growing or not, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin, including but not limited to Retail Marijuana Concentrate that is cultivated, manufactured, distributed, or sold by a licensed Retail Marijuana Establishment. “Retail Marijuana” does not include industrial hemp, nor does it include fiber produced from stalks, oil, or cake made from the seeds of the plant, sterilized seed of the plant which is incapable of germination, or the weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other product. Unless the context otherwise requires, Retail Marijuana Concentrate is considered Retail Marijuana and is included in the term “Retail Marijuana.”

“Retail Marijuana Concentrate” means a specific subset of Retail Marijuana that was produced by extracting cannabinoids from Retail Marijuana. Categories of Retail Marijuana Concentrate include Water-Based Retail Marijuana Concentrate, Food-Based Retail Marijuana Concentrate, Solvent-Based Retail Marijuana Concentrate and Heat/Pressure Based Retail Marijuana Concentrate.

“Transfer” means to grant, convey, hand over, assign, sell, exchange, donate, or barter, in any manner or by any means, with or without consideration, any Retail Marijuana or Retail Marijuana Product from one licensee to another licensee or to a consumer. A Transfer includes the movement of Retail Marijuana or Retail Marijuana Product from one licensed premises to another, even if both premises are contiguous, and even if both premises are owned by a single entity or individual or group of individuals and also includes a virtual transfer that is reflected on the Inventory Tracking System, even if no physical movement of the Retail Marijuana or Retail Marijuana Product occurs.

“Water-Based Medical Marijuana Concentrate” means a Medical Marijuana Concentrate that was produced by extracting cannabinoids from Medical Marijuana through the use of only water or ice.
Basis and Purpose – M 201

The statutory authority for this rule is found at subsections 12-43.3-202(1)(a), 12-43.3-202(1)(b)(i), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), 12-43.3-301(3), and 12-43.3-401(1)(a)-(e), and sections 12-43.3-104, 12-43.3-305, 12-43.3-306, 12-43.3-307.5, 12-43.3-310, 12-43.3-311, 12-43.3-313, 12-43.3-401, and 24-76.5-103, C.R.S. The purpose of this rule is to establish that only materially complete applications for licenses or registrations, accompanied by all required fees, will be accepted and processed by the Division. The purpose of this rule is also to clarify that when an initial application is materially complete, but the Division determines further information is required before the application can be fully processed, the Applicant must provide the additional requested information within the time frame provided by the Division. Otherwise, the Division cannot act on the application in a timely manner, and the application may be denied.

M 201 – Application Process

A. General Requirements

1. All applications for licenses or registrations authorized pursuant to subsections 12-43.3-401(1)(a)-(g), C.R.S., shall be made upon current forms prescribed by the Division.

2. A license or registration issued to a Medical Marijuana Business or an individual constitutes a revocable privilege. The burden of proving an Applicant’s qualifications for licensure or registration rests at all times with the Applicant.

3. Each application shall identify the local licensing authority.

4. Applicants must submit a complete application to the Division before it will be accepted or considered.
   a. All applications must be complete and accurate in every material detail.
   b. All applications must include all attachments or supplemental information required by the current forms supplied by the Division.
   c. All applications must be accompanied by a full remittance for the whole amount of the application and license fees. See Rules M 207 – Schedule of Application Fees: Medical Marijuana Businesses; M 208 – Schedule of Business License and Registration Fees: Medical Marijuana Businesses; M 209 – Schedule of Business Renewal License and Registration Fees: Medical Marijuana Businesses; M 235 – Schedule of License Fees: Individuals; M 236 – Schedule of Renewal License Fees: Individuals.
   d. All applications must include all information required by the Division related to the Applicant’s proposed Direct Beneficial Interest Owners, Indirect Beneficial Interest Owners and Qualified Limited Passive Investors, and all other direct and indirect financial interests in the Applicant.
   e. At a minimum, each Applicant for a new license or registration shall provide, at the time of application, the following information:
i. For each Associated Key License Applicant, evidence of proof of lawful presence, citizenship, if applicable, residence, if applicable, and Good Moral Character as required by the current forms prescribed by the Division;

ii. For each Medical Marijuana Business Applicant and each Associated Key License Applicant, all requested information concerning financial and management associations and interests of other Persons in the business;

iii. If the Applicant for any license pursuant to the Medical Code is a Closely Held Business Entity it shall submit with the application:
   A. The Associated Key License applications for all of its shareholders, members, partners, officers and directors who do not already hold an Associated Key License;
   B. If the Closely Held Business Entity is a corporation, a copy of its articles of incorporation or articles of organization; evidence of authorization from the Colorado Secretary of State to do business within this State, and for each shareholder: his or her name, mailing address, state of residence and certification of Colorado residency for at least one officer and all officers with day-to-day operational control over the business;
   C. If the Closely Held Business Entity is a limited liability company, a copy of its articles of organization and its operating agreement; evidence of authorization from the Colorado Secretary of State to do business within this State, and for each member: his or her name, mailing address, state of residence and certification of Colorado residency for at least one officer and all officers with day-to-day operational control over the business;
   D. If the Closely Held Business Entity is a general partnership, limited partnership, limited liability partnership, or limited liability limited partnership, a copy of the partnership agreement and, for each partner, his or her name, mailing address and state of residency and certification of Colorado residency for at least one officer and all officers with day-to-day operational control over the business.

iv. For each Medical Marijuana Business Applicant and each Associated Key License Applicant, documentation establishing compliant return filing and payment of taxes related to any Medical Marijuana Business or Retail Marijuana Establishment in which such Applicant is, or was, required to file and pay taxes;

v. For each Medical Marijuana Business Applicant and each Associated Key License Applicant, documentation verifying and confirming the funds used to start and/or sustain the operation of the medical or retail marijuana business were lawfully earned or obtained;

vi. Accurate floor plans for the premises to be licensed; and
vii. The deed, lease, sublease, contract, or other document(s) governing the terms and conditions of occupancy of the premises to be licensed.

5. All applications to reinstate a license or registration will be deemed an application for a new license or registration. This includes, but is not limited to, Associated Key licenses that have expired, Medical Marijuana Business licenses or registrations that have been expired for more than 90 days, licenses or registrations that have been voluntarily surrendered, and licenses that have been revoked.

6. The Division may refuse to accept an incomplete application.

B. Additional Information May Be Required

1. Upon request by the Division, an Applicant shall provide any additional information required to process and fully investigate the application. The additional information must be provided to the Division no later than seven days after the request is made unless otherwise specified by the Division.

2. An Applicant’s failure to provide the requested evidence or information by the Division deadline may be grounds for denial of the application.

C. Information Must Be Provided Truthfully. All Applicants shall submit information to the Division in a full, faithful, truthful, and fair manner. The Division may recommend denial of an application where the Applicant made misstatements, omissions, misrepresentations, or untruths in the application or in connection with the Applicant’s background investigation. This type of conduct may be considered as the basis for additional administrative action against the Applicant and it may also be the basis for criminal charges against the Applicant.

D. Application Forms Accessible. All application forms supplied by the Division and filed by an Applicant for a license, including attachments and any other documents associated with the investigation, may be used for a purpose authorized by the Medical Code, the Retail Code, or for any other state or local law enforcement purpose or as otherwise required by law.

E. Division Application Management and Local Licensure.

1. If the Division grants a license before the local licensing authority approves the application or grants a local license, the license will be conditioned upon local approval. Such condition will not be viewed as a denial pursuant to the Administrative Procedure Act. If the local licensing authority denies the application, the state license will be revoked.

2. An Applicant is prohibited from operating a Medical Marijuana Business prior to obtaining all necessary licenses, registrations or approvals from both the State Licensing Authority and the local licensing authority.

3. Each Financial Interest is void and of no effect unless and until approved by the Division. A Financial Interest shall not exercise any privilege associated with the proposed interest until approved by the Division. Any violation of this requirement may be considered a license or registration violation affecting public safety.

Basis and Purpose – M 202.1

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), 12-43.3-202(2)(a)(XVIII.5), 12-43.3-202(2)(a)(XX), 12-43.3-202(2)(a)(XXI), and sections 12-43.3-104, 12-43.3-305 and 12-43.3-306, 12-43.3-307.5, 12-43.3-310 and 12-43.3-313 C.R.S.

The purpose of this rule is to clarify the process to be followed when a Medical Marijuana Business applies to obtain financing or otherwise have a relationship with an Indirect Beneficial Interest Owner. This rule establishes that only materially complete Medical Marijuana Business applications for Indirect Beneficial Interest Owners, accompanied by all required fees, will be accepted and processed by the Division. This rule also clarified that when an initial application is materially complete and accepted, but the Division determines further information is required before the application can be fully processed, the Medical Marijuana Business Applicant must provide the additional requested information within the time frame provided by the Division. Otherwise, the Division cannot act on the application in a timely manner and the Medical Marijuana Business' application may be denied. The rule also sets forth requirements for the contents of the contract or Agreement between Medical Marijuana Businesses and Indirect Beneficial Interest Owners, which reflect basic legal requirements surrounding the relationship between the parties.

M 202.1 – Applications, Agreements, Contracts and Certifications Required for Indirect Beneficial Interest Owners: Medical Marijuana Businesses

A. Medical Marijuana Business Initiates Process. The Medical Marijuana Business seeking to obtain financing or otherwise establish any type of relationship with an Indirect Beneficial Interest Owner, including a Permitted Economic Interest, a Commercially Reasonably Royalty Interest Holder, a Profit-Sharing Plan Employee, or a Qualified Institutional Investor, must file all required documents with the Division, including any supplemental documents requested by the Division in the course of its review of the application.

B. General Requirements. The Medical Marijuana Business seeking approval of an Indirect Beneficial Interest Owner must meet the following requirements:

1. All applications for approval of an Indirect Beneficial Interest Owner shall be made upon current forms prescribed by the Division.

2. The burden of proving that a proposed Indirect Beneficial Interest Owner is qualified to hold such an interest rests at all times with the Medical Marijuana Business submitting the application.

3. The Medical Marijuana Business applying for approval of any type of Indirect Beneficial Interest Owner must submit a complete application to the Division before it will be accepted or considered.

4. All applications must be complete and accurate in every material detail.

5. All applications must include all attachments or supplemental information required by the current forms supplied by the Division.

6. All applications must be accompanied by a full remittance of the required fees.

7. The Division may refuse to accept an incomplete application.

8. The proposed holder of the Indirect Beneficial Interest is not a publicly traded company.
9. **Additional Information May Be Required**
   
a. Upon request by the Division, a Medical Marijuana Business applying to have any type of Indirect Beneficial Interest Owner shall provide any additional information required to process and fully investigate the application. The additional information must be provided to the Division no later than seven days after the request is made unless otherwise specified by the Division.

b. Failure to provide the requested information by the Division’s deadline may be grounds for denial of the application.

C. **Information Must Be Provided Truthfully.** A Medical Marijuana Business applying for approval of any type of Indirect Beneficial Interest Owner shall submit information to the Division in a full, faithful, truthful, and fair manner. The Division may recommend denial of an application where any party made misstatements, omissions, misrepresentations or untruths in the application or in connection with the background investigation of the proposed Indirect Beneficial Interest Owner. This type of conduct may be considered as the basis for additional administrative action against the Medical Marijuana Business and it may also be the basis for criminal charges against either the Medical Marijuana Business Applicant or the Indirect Beneficial Interest Owner.

D. **Application Forms Accessible.** All application forms supplied by the Division and filed by an Applicant for a license, including attachments and any other documents associated with the investigation, may be used for a purpose authorized by the Medical Code, the Retail Code or for any other state or local law enforcement purpose or as otherwise required by law.

E. **Approval of Financial Interest.** Each Financial Interest in a Medical Marijuana Business is void and of no effect unless and until approved by the Division. Any amendment of a Financial Interest is also void and of no effect unless and until approved by the Division.

F. **Ongoing Qualification and Violation Affecting Public Safety.** If at any time the Division finds any Indirect Beneficial Interest Owner is not qualified, or is no longer qualified, the Division may require the Medical Marijuana Business to terminate its relationship with and financial ties to the Indirect Beneficial Interest Owner within a specified time period. Failure to terminate such relationship and financial ties within the specified time period may constitute a violation affecting public safety and be a basis for administrative action against the Medical Marijuana Business.

G. **Permitted Economic Interest Holder Requirements.** At the time of application, a Medical Marijuana Business seeking to obtain approval of a Permitted Economic Interest shall provide evidence to establish that the natural person seeking to become a Permitted Economic Interest holder is a lawful resident of the United States and shall provide documentation verifying and confirming the funds used for the Permitted Economic Interest were lawfully earned or obtained.

H. **Permitted Economic Interest Agreement Requirements.** The Medical Marijuana Business Applicant seeking to obtain financing from a Permitted Economic Interest must submit a copy of the Agreement between the Medical Marijuana Business and the person seeking to hold a Permitted Economic Interest. The following requirements apply to all Agreements:

1. The Agreement must be complete, and must fully incorporate all terms and conditions.
2. The following provisions must be included in the Agreement:

   a. Any interest in a Medical Marijuana Business, whether held by a Permitted Economic Interest or any other person, must be acquired in accordance with the provisions of the Medical Code and/or Retail Code, as applicable, and the rules promulgated thereunder. The issuance of any Agreement or other interest in violation thereof shall be void. The Permitted Economic Interest holder shall not provide funding to the Medical Marijuana Business until the Permitted Economic Interest is approved by the Division.

   b. No Agreement or other interest issued by the Medical Marijuana Business and no claim or charge therein or thereto shall be transferred except in accordance with the provisions of the Medical Code and/or Retail Code as applicable, and the rules promulgated thereunder. Any transfer in violation thereof shall be void.

   c. The Medical Marijuana Business and the Permitted Economic Interest holder must sign an affirmation of passive investment on a form approved by the Division.

   d. The Medical Marijuana Business must initiate any process to convert a Permitted Economic Interest to a Direct Beneficial Interest Owner and the process to convert the Permitted Economic Interest into a Direct Beneficial Interest Owner must be completed prior to the expiration or termination of the Agreement. The holder of the Permitted Economic Interest must meet all qualifications for licensure and ownership pursuant to the Medical Code and/or Retail Code and any rules promulgated thereunder prior to conversion of the Permitted Economic Interest to a Direct Beneficial Interest Owner.

   e. At the election of the Medical Marijuana Business, if the holder of the Permitted Economic Interest is not qualified for licensure as a Direct Beneficial Interest Owner but is qualified as a holder of the Permitted Economic Interest, and the Permitted Economic Interest is also approved by the Division then the Permitted Economic Interest may remain in force and effect for as long as it remains approved by the Division under the Medical Code and/or Retail Code as applicable, and any rules promulgated thereunder.

   f. The Permitted Economic Interest holder shall disclose in writing to the Division and to the Medical Marijuana Business any and all disqualifying events, within ten days after occurrence of the event, that could lead to a finding that the holder no longer qualifies to hold the Permitted Economic Interest and/or that could lead to a denial of licensure pursuant to the Medical Code and/or Retail Code and any rules promulgated thereunder.

   g. The Medical Marijuana Business shall disclose in writing to the Division any and all disqualifying events, within ten days after receiving notice of the event, which could lead to a finding that the holder is no longer qualified to hold the Permitted Economic Interest and/or that could lead to a denial of licensure pursuant to the Medical Code and/or Retail Code as applicable, and any rules promulgated thereunder.
h. A Permitted Economic Interest holder’s or a Medical Marijuana Business’ failure to make required disclosures may be grounds for administrative action including but not limited to denial of a subsequent request to convert the Permitted Economic Interest into an ownership interest in the Medical Marijuana Business. Failure to make required disclosures may lead to a finding that the Permitted Economic Interest is no longer approved, and a requirement that the Medical Marijuana Business terminate its relationship with the Permitted Economic Interest holder.

i. The Permitted Economic Interest holder agrees and acknowledges that it has no entitlement or expectation of being able to invest in, or have a relationship with, the Medical Marijuana Business unless and until the Division determines the Permitted Economic Interest is approved. The Permitted Economic Interest holder agrees and acknowledges that its relationship with the Medical Marijuana Business is contingent upon Division approval. The Permitted Economic Interest holder understands and acknowledges that approval by the Division is wholly discretionary and the Division may, at any time, deny approval of the Permitted Economic Interest or find that the Permitted Economic Interest is no longer qualified. The Permitted Economic Interest Holder agrees and acknowledges it has no entitlement to or expectation of the Division approving the Permitted Economic Interest. The Permitted Economic Interest holder further agrees that any administrative or judicial review of a determination by the Division regarding the qualification or approval of the Permitted Economic Interest will only occur through licensing or enforcement proceedings involving the Medical Marijuana Business. The Permitted Economic Interest holder further agrees and acknowledges that the Permitted Economic Interest holder shall only be entitled to notice of a denial or administrative action concerning the Medical Marijuana Business if the denial or administrative action is based upon, or directly related to, the qualifications or actions of the Permitted Economic Interest holder. The Permitted Economic Interest holder also agrees and acknowledges that the Permitted Economic Interest holder may only request leave to intervene in an administrative proceeding against the Medical Marijuana Business, pursuant to subsection 24-4-105(2)(c), C.R.S., if the administrative proceeding is based upon, or directly related to, the qualifications or actions of the Permitted Economic Interest holder. Furthermore, the Permitted Economic Interest holder agrees and acknowledges that the Permitted Economic Interest holder may only seek judicial review of an action against the Medical Marijuana Business, pursuant to subsection 24-4-106(4), C.R.S., if the administrative action is based upon, or directly related to, the qualifications or actions of the Permitted Economic Interest holder. THE PERMITTED ECONOMIC INTEREST HOLDER KNOWINGLY, FREELY, AND VOLUNTARILY WAIVES ANY RIGHT OR CLAIM TO SEEK ANY INDEPENDENT REVIEW OF APPROVAL OR DENIAL OF THE PERMITTED ECONOMIC INTEREST BY THE DIVISION, OR OF AN ADMINISTRATIVE ACTION AGAINST THE MEDICAL MARIJUANA BUSINESS, THAT IS BASED UPON, OR DIRECTLY RELATED TO, THE QUALIFICATIONS OR ACTIONS OF THE PERMITTED ECONOMIC INTEREST, AND EXPRESSLY AGREES THAT THE ONLY ADMINISTRATIVE OR JUDICIAL REVIEW OF SUCH A DETERMINATION OR ACTION WILL OCCUR THROUGH A LICENSING OR ENFORCEMENT PROCEEDING FOR THE MEDICAL MARIJUANA BUSINESS.

I. Commercially Reasonable Royalty Interest Contract Requirements. A Medical Marijuana Business seeking to utilize the intellectual property of a Commercially Reasonable Roy
Interest Holder must submit a copy of the contract between the Medical Marijuana Business and the Person seeking to hold a Commercially Reasonable Royalty Interest. The following requirements apply to all such contracts:

1. The contract must be complete, and must fully incorporate all terms and conditions.

2. The following provisions must be included in the contract:
   a. Any interest in a Medical Marijuana Business, whether held by a Commercially Reasonable Royalty Interest Holder or any other person, must be acquired in accordance with the provisions of the Medical Code and/or Retail Code, as applicable, and the rules promulgated thereunder. The issuance of any contract or other interest in violation thereof shall be void.
   b. No contract, royalty or other interest issued by the Medical Marijuana Business and no claim or charge therein or thereto shall be transferred except in accordance with the provisions of the Medical Code and/or Retail Code as applicable, and the rules promulgated thereunder. Any transfer in violation thereof shall be void.
   c. The Medical Marijuana Business and the Commercially Reasonable Royalty Interest Holder must sign an affirmation of passive investment on a form approved by the Division.
   d. The Commercially Reasonable Royalty Interest Holder shall disclose in writing to the Division and to the Medical Marijuana Business any and all disqualifying events, within ten days after occurrence of the event, that could lead to a finding that the Commercially Reasonable Royalty Interest Holder is not qualified to hold the Commercially Reasonable Royalty Interest.
   e. The Medical Marijuana Business shall disclose in writing to the Division any and all disqualifying events, within ten days after receiving notice of the event, which would lead to a finding that the Commercially Reasonable Royalty Interest Holder is not qualified to hold the Commercially Reasonable Royalty Interest.
   f. A Commercially Reasonable Royalty Interest Holder’s or a Medical Marijuana Business’ failure to make required disclosures may lead to a finding that the Commercially Reasonable Royalty Interest is not approved, or is no longer approved, and may lead to a requirement that the Medical Marijuana Business terminate its relationship with the Commercially Reasonable Royalty Interest Holder.
   g. The Commercially Reasonable Royalty Interest Holder agrees and acknowledges that its relationship with the Medical Marijuana Business is contingent upon Division approval throughout the entire term of its relationship with the Medical Marijuana Business. The Commercially Reasonable Royalty Interest Holder understands and acknowledges that approval by the Division is wholly discretionary and the Division may, at any time, find that the Commercially Reasonable Royalty Interest Holder does not qualify or no longer qualifies. The Commercially Reasonable Royalty Interest Holder agrees and acknowledges it has no entitlement to or expectation to approval of the Commercially Reasonable Royalty Interest.
h. The Commercially Reasonable Royalty Interest Holder further agrees that any administrative or judicial review of a determination by the Division approving or denying the Commercially Reasonable Royalty will only occur through licensing or enforcement proceedings involving the Medical Marijuana Business. The Commercially Reasonable Royalty Interest Holder further agrees and acknowledges that the Commercially Reasonable Royalty Interest Holder shall only be entitled to notice of a denial or administrative action concerning the Medical Marijuana Business if the denial or administrative action is based upon, or directly related to, the qualifications or actions of the Commercially Reasonable Royalty Interest Holder. The Commercially Reasonable Royalty Interest Holder also agrees and acknowledges that the Commercially Reasonable Royalty Interest Holder may only request leave to intervene in an administrative proceeding against the Medical Marijuana Business, pursuant to subsection 24-4-105(2)(c), C.R.S., if the administrative proceeding is based upon, or directly related to, the qualifications or actions of the Commercially Reasonable Royalty Interest Holder. Furthermore, the Commercially Reasonable Royalty Interest Holder agrees and acknowledges that the Commercially Reasonable Royalty Interest Holder may only seek judicial review of an action against the Medical Marijuana Business, pursuant to subsection 24-4-106(4), C.R.S., if the administrative action is based upon, or directly related to, the qualifications or actions of the Commercially Reasonable Royalty Interest Holder. THE COMMERCIALY REASONABLY ROYALTY INTEREST HOLDER KNOWINGLY, FREELY, AND VOLUNTARILY WAIVES ANY RIGHT OR CLAIM TO SEEK ANY INDEPENDENT REVIEW OF APPROVAL OR DENIAL OF THE COMMERCIALY REASONABLE ROYALTY INTEREST BY THE DIVISION, OR OF AN ADMINISTRATIVE ACTION AGAINST THE MEDICAL MARIJUANA BUSINESS, THAT IS BASED UPON, OR DIRECTLY RELATED TO, THE QUALIFICATIONS OR ACTIONS OF THE COMMERCIALY REASONABLE ROYALTY INTEREST HOLDER, AND EXPRESSLY AGREES THAT THE ONLY ADMINISTRATIVE OR JUDICIAL REVIEW OF SUCH A DETERMINATION OR ACTION WILL OCCUR THROUGH A LICENSING OR ENFORCEMENT PROCEEDING FOR THE MEDICAL MARIJUANA BUSINESS.

i. If the Division determines the Commercially Reasonable Royalty Interest Holder is not in compliance with the Medical Code, the Retail Code, or these rules, then the recipient shall discontinue use of such Commercially Reasonable Royalty Interest Holder’s intellectual property within thirty (30) days of the Division finding. The recipient shall not pay any remuneration to a Commercially Reasonable Royalty Interest Holder that does not qualify under the Medical Code and these rules, including but not limited to Rule M 231.2(B).

j. The Commercially Reasonable Royalty Interest Holder shall neither exercise control over nor be positioned so as to enable the exercise of control over the Medical Marijuana Business. Notwithstanding the foregoing, a Commercially Reasonable Royalty Interest Holder may influence the marketing, advertising, labeling and display of any product or line of products for which the Commercially Reasonably Royalty Interest exists so long as such influence is not inconsistent with the Medical Code or these rules.

J. Profit-Sharing Plan Documents. A Medical Marijuana Business offering licensed employees a share of the profits through a Profit-Sharing Plan must submit a list of all proposed participants in the Profit-Sharing Plan along with their names, addresses and occupational license numbers and submit a copy of all documentation regarding the Profit-Sharing Plan in connection with the Medical Marijuana Business application:
1. The documents establishing the Profit-Sharing Plan must be complete and must fully incorporate all terms and conditions.

2. The following provisions must be included in the documents establishing the Profit-Sharing Plan:
   
a. Any interest in a Medical Marijuana Business, whether held by a Profit-Sharing Plan Employee or any other person, must be acquired in accordance with the provisions of the Medical Code and/or Retail Code, as applicable, and the rules promulgated thereunder. The issuance of any contract or other interest in violation thereof shall be void. Any distributions from a Profit-Sharing Plan must be made in cash, not in the form of stock or other equity interests in the Medical Marijuana Business.

b. No contract or other interest issued by the Medical Marijuana Business and no claim or charge therein or thereto shall be transferred except in accordance with the provisions of the Medical Code and/or Retail Code as applicable, and the rules promulgated thereunder. Any transfer in violation thereof shall be void.

c. The Medical Marijuana Business shall disclose in writing to the Division any and all disqualifying events, within ten days after receiving notice of the event, which would lead to a finding that any Profit-Sharing Plan Employee does not qualify under the Medical Code and these rules, including but not limited to Rule M 231.2(B), to participate in the Profit-Sharing Plan.

d. A Profit-Sharing Plan Employee shall disclose in writing to the Division and to the Medical Marijuana Business any and all disqualifying events, within ten days after occurrence of the event that could lead to a finding that the Profit-Sharing Plan Employee does not qualify or no longer qualifies under the Medical Code and these rules, including but not limited to Rule M 231.2(B), to participate in the Profit-Sharing Plan.

e. A Medical Marijuana Business’ or a Profit-Sharing Plan Employee’s failure to make required disclosures may lead to a finding that the Profit-Sharing Plan is not approved, and may lead to a requirement that the Medical Marijuana Business terminate or modify the Profit-Sharing Plan.

f. The Profit-Sharing Plan Employee agrees and acknowledges that its relationship with the Medical Marijuana Business is contingent upon Division approval throughout the entire term of its relationship with the Medical Marijuana Business. The Profit-Sharing Plan Employee understands and acknowledges that approval by the Division is wholly discretionary and the Division may, at any time, deny approval of the Profit-Sharing Plan. The Profit-Sharing Plan Employee agrees and acknowledges he or she has no entitlement to or expectation to Division approval of the Profit-Sharing Plan or the Profit-Sharing Plan Employee’s participation in the plan. The Profit-Sharing Plan Employee further agrees that any administrative or judicial review of a determination by the Division approving or denying the Profit-Sharing Plan or the Profit-Sharing Plan Employee will only occur through licensing or enforcement proceedings involving the Medical Marijuana Business. Each Profit-Sharing Plan Employee further agrees and acknowledges that the Profit-Sharing Plan Employee shall only be entitled to notice of a denial or administrative action concerning the Medical Marijuana Business if the denial or administrative action is based upon, or directly related to, the qualifications or actions of the Profit-Sharing Plan Employee. The Profit-Sharing Plan Employee also agrees and acknowledges
that the Profit-Sharing Plan Employee may only request leave to intervene in an administrative proceeding against the Medical Marijuana Business, pursuant to subsection 24-4-105(2)(c), C.R.S., if the administrative proceeding is based upon, or directly related to, the qualifications or actions of the Profit-Sharing Plan Employee. Furthermore, the Profit Sharing Plan Employee agrees and acknowledges that the Profit-Sharing Plan Employee may only seek judicial review of an action against the Medical Marijuana Business, pursuant to subsection 24-4-106(4), C.R.S., if the administrative action is based upon, or directly related to, the qualifications or actions of the Profit-Sharing Plan Employee. THE PROFIT-SHARING PLAN EMPLOYEE KNOWINGLY, FREELY, AND VOLUNTARILY WAIVES ANY RIGHT OR CLAIM TO SEEK ANY INDEPENDENT REVIEW OF APPROVAL OR DENIAL OF THE PROFIT-SHARING PLAN OR THE PROFIT-SHARING PLAN EMPLOYEE BY THE DIVISION, OR OF AN ADMINISTRATIVE ACTION AGAINST THE MEDICAL MARIJUANA BUSINESS, THAT IS BASED UPON, OR DIRECTLY RELATED TO, THE PROFIT-SHARING PLAN OR THE PROFIT-SHARING PLAN EMPLOYEE'S QUALIFICATIONS OR ACTIONS OF THE PROFIT-SHARING PLAN EMPLOYEE, AND EXPRESSLY AGREES THAT THE ONLY ADMINISTRATIVE OR JUDICIAL REVIEW OF SUCH A DETERMINATION OR ACTION WILL OCCUR THROUGH A LICENSING OR ENFORCEMENT PROCEEDING FOR THE MEDICAL MARIJUANA BUSINESS.

K. Qualified Institutional Investor Requirements. Before a Medical Marijuana Business may permit a Qualified Institutional Investor to own any portion of the Medical Marijuana Business, the Medical Marijuana Business must submit the following documentation to the Division in connection with the Medical Marijuana Business’ application:

1. A description of the Qualified Institutional Investor’s business and a statement as to why the Qualified Institutional Investor meets the definition of Qualified Institutional Investor in Rule R 103 and subsection 12-43.3-307.5(7), C.R.S.

2. A certification made under oath and the penalty of perjury by the Qualified Institutional Investor:

   a. That the ownership interests were acquired and are held for investment purposes only and were acquired and are held in the ordinary course of business as a Qualified Institutional Investor and not for the purposes of causing, directly or indirectly, the election of a majority of the board of directors, any change in the corporate charter, bylaws, management, policies, or operations of a Medical Marijuana Business.

   b. That the Qualified Institutional Investor is bound by and shall comply with the Medical Code and the rules adopted pursuant thereto, is subject to the jurisdiction of the courts of Colorado, and consents to Colorado as the choice of forum in the event any dispute, question, or controversy arises regarding the Qualified Institutional Investor’s relationship with the Medical Marijuana Business or activities pursuant to the Medical Code and rules adopted pursuant thereto.

   c. The Qualified Institutional Investor agrees and acknowledges that its relationship with the Medical Marijuana Business is contingent upon Division approval throughout the entire term of its relationship with the Medical Marijuana Business. The Qualified Institutional Investor understands and acknowledges that approval by the Division is wholly discretionary and the Division may, at any time, deny approval of the Qualified Institutional Investor. The Qualified Institutional Investor agrees and acknowledges it has no entitlement to or
expectation to Division approval of the Qualified Institutional Investor. The Qualified Institutional Investor further agrees that any administrative or judicial review of a determination by the Division approving or denying the Qualified Institutional Investor will only occur through licensing or enforcement proceedings involving the Medical Marijuana Business. The Qualified Institutional Investor further agrees and acknowledges that the Qualified Institutional Investor shall only be entitled to notice of a denial or administrative action concerning the Medical Marijuana Business if the denial or administrative action is based upon, or directly related to, the qualifications or actions of the Qualified Institutional Investor. The Qualified Institutional Investor also agrees and acknowledges that the Qualified Institutional Investor may only request leave to intervene in an administrative proceeding against the Medical Marijuana Business, pursuant to subsection 24-4-105(2)(c), C.R.S., if the administrative proceeding is based upon, or directly related to, the qualifications or actions of the Commercially Reasonable Royalty Interest Holder. Furthermore, the Qualified Institutional Investor agrees and acknowledges that the Qualified Institutional Investor may only seek judicial review of an action against the Medical Marijuana Business, pursuant to subsection 24-4-106(4), C.R.S., if the administrative action is based upon, or directly related to, the qualifications or actions of the Commercially Reasonable Royalty Interest Holder, and expressly agrees that the only administrative or judicial review of such a determination or action will occur through a licensing or enforcement proceeding for the Medical Marijuana Business.

d. An explanation of the basis of the signatory's authority to sign the certification and to bind the Qualified Institutional Investor to its terms.

3. The name, address, telephone number and any other information requested by the Division as required on its approved forms for the officers and directors, or their equivalent, of the Qualified Institutional Investor as well as those Persons that have direct control over the Qualified Institutional Investor's ownership interest in the Medical Marijuana Business.

4. The name, address, telephone number and any other information requested by the Division as required on its approved forms for each Person who has the power to direct or control the Qualified Institutional Investor's voting of its shares in the Medical Marijuana Business.

5. The name of each Person that beneficially owns 5 percent or more of the Qualified Institutional Investor's voting securities or other equivalent.

6. A list of the Qualified Institutional Investor's affiliates.

7. A list of all regulatory agencies with which the Qualified Institutional Investor files periodic reports, and the name, address, and telephone number of the individual, if known, to contact at each agency regarding the Qualified Institutional Investor.
8. A disclosure of all criminal or regulatory sanctions imposed during the preceding 10 years and of any administrative or court proceedings filed by any regulatory agency during the preceding 5 years against the Qualified Institutional Investor, its affiliates, any current officer or director, or any former officer or director whose tenure ended within the preceding 12 months. As to a former officer or director, such information need be provided only to the extent that it relates to actions arising out of or during such person’s tenure with the Qualified Institutional Investor or its affiliates.

9. A copy of any filing made under 16 U.S.C § 18a with respect to the acquisition or proposed acquisition of an ownership interest in the Medical Marijuana Business.

10. Any additional information requested by the Division.

Basis and Purpose – M 204

The statutory authority for this rule is found at subsections 12-43.3-104(1), 12-43.3-104(1.7), 12-43.3-104(12.4), 12-43.3-104(14.3), 12-43.3-202(1)(b)(l), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(l), 12-43.3-202(2)(a)(XX), 12-43.3-202(2)(a)(XX), 12-43.3-202(2)(a)(XXI), 12-43.3-310(7), 8(a) and (11), and sections 12-43.3-307.5, 12-43.3-313 and 12-43.3-901, C.R.S.

The purpose of this rule is to provide clarity regarding the nature of a Direct Beneficial Interest Owner and an Indirect Beneficial Interest Owner, and to clarify what factors the State Licensing Authority generally considers regarding the same. The Division will review all relevant information to determine ownership of a Medical Marijuana Business.

M 204 – Ownership Interests of a License: Medical Marijuana Businesses

A. Licenses Held By Direct Beneficial Interest Owners. Each Medical Marijuana Business License must be held by its Direct Beneficial Interest Owner(s). Each natural person other than a Qualified Limited Passive Investor must hold an Associated Key License. A Direct Beneficial Interest Owner shall not be a publicly traded company.

B. 100% Ownership.

1. The sum of the percentages of ownership of all Direct Beneficial Interest Owners of a Medical Marijuana Business and Qualified Institutional Investors must equal 100%.

   a. Qualified Institutional Investors may hold ownership interests, in the aggregate, of 30% or less in the Medical Marijuana Business.

   b. A Qualified Limited Passive Investor must be a natural person who is a United States citizen and may hold an ownership interest of less than five percent in the Medical Marijuana Business.

   c. Each Direct Beneficial Interest Owner, including but not limited to each officer, director, managing member, or partner of a Medical Marijuana Business, must hold a current and valid Associated Key License. See Rule M 233 – Retail Code or Medical Code Occupational Licenses Required. Except that this requirement shall not apply to Qualified Limited Passive Investors.

   d. With the exception of Qualified Institutional Investors, only Direct Beneficial Interest Owners may hold a partnership interest, limited or general, a joint venture interest, or ownership of a share or shares in a corporation or a limited liability company which is licensed.
e. In the event of the death, disability, disqualification, divestment, termination, or revocation of the license of a Direct Beneficial Interest Owner or of approval of a Qualified Institutional Investor, a Medical Marijuana Business shall have 45 days to submit a change of ownership application to the Division detailing the Licensee’s plan for redistribution of ownership among the remaining Direct Beneficial Interest Owners and Qualified Institutional Investors. Such plan is subject to approval by the Division. If a change of ownership application is not timely submitted, the Medical Marijuana Business and its Associated Key Licensee(s) may be subject to administrative action.

C. At Least One Associated Key License Required. No Medical Marijuana Business may operate or be licensed unless it has at least one Associated Key Licensee that is a Direct Beneficial Interest Owner who has been a Colorado resident for at least one year prior to application. Any violation of this requirement may be considered a license violation affecting public safety.

D. Loss Of Occupational License As An Owner Of Multiple Businesses. If an Associated Key License is suspended or revoked as to one Medical Marijuana Business or Retail Marijuana Establishment, that Owner’s Occupational License shall be suspended or revoked as to any other Medical Marijuana Business or Retail Marijuana Establishment in which that Person possesses an ownership interest. See Rule M 233 – Medical Code or Retail Code Occupational Licenses Required.

E. Management Companies. Any Person contracted to manage the overall operation of a Licensed Premises must hold a Medical Marijuana Operator license.

F. Role of Managers. Associated Key Licensees may hire managers, and managers may be compensated on the basis of profits made, gross or net. A Medical Marijuana Business license may not be held in the name of a manager who is not a Direct Beneficial Interest Owner. A manager who does not hold an Associated Key License as a Direct Beneficial Interest Owner of the Medical Marijuana Business, must hold a Key License as an employee of the Medical Marijuana Business. Any change in manager must be reported to the Division and any local licensing authority before the new manager begins managing the Medical Marijuana Business. Additionally, a Medical Marijuana Operator may include management services as part of the operational services provided to a Medical Marijuana Business. A Medical Marijuana Business and its Direct Beneficial Interest Owners may be subject to license denial or administrative action, including but not limited to, fine, suspension or revocation of their license(s), based on the acts and omissions of any manager, Medical Marijuana Business Operator, or agents and employees thereof engaged in the operations of the Medical Marijuana Business.

G. Prohibited Third-Party Acts. No Licensee may employ, contract with, hire, or otherwise engage any Person, including but not limited to an employee, agent, or independent contractor, to perform any act or conduct on the Licensee’s behalf or for the Licensee’s benefit if the Licensee is prohibited by law or these rules from engaging in such conduct itself.

1. A Licensee is responsible for all actions and omissions of any Person the Licensee employs, contracts with, hires, or otherwise engages, including but not limited to an employee, agent, or independent contractor, to perform any act or conduct on the Licensee’s behalf or for the Licensee’s benefit.

2. A Licensee may be subject to license denial or administrative action, including but not limited to fine, suspension or revocation of its license(s), based on the acts and/or omissions of any Person the Licensee employs, contracts with, hires, or otherwise engages, including but not limited to an employee, agent, or independent contractor, to perform any act or conduct on the Licensee’s behalf or for the Licensee’s benefit.
Basis and Purpose – M 204.5

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(I), 12-43.3-202(2)(a)(XVIII.5), 12-43.3-202(2)(a)(XX), 12-43.3-202(3)(a)(XVI) and sections 12-43.3-104, 12-43.3-305, 12-43.3-307, 12-43.3-307.5, 12-43.3-309, 12-43.3-310, 12-43.3-311 and 12-43.3-313, C.R.S. The purpose of this rule is to clarify the application, review and approval process for various types of Business Interests. The Division will review all relevant information to determine ownership of, interests in, and control of a Medical Marijuana Business.

M 204.5 – Disclosure, Approval and Review of Business Interests

A. Business Interests. A Medical Marijuana Business shall disclose all Business Interests at the time of initial application and at the time of each renewal application. Business Interests include Financial Interests and Affiliated Interests. Any Financial Interest must be pre-approved by the Division. It shall be unlawful to fail to completely report all Business Interests in each license issued. It shall be unlawful for a person other than a Financial Interest holding an Associated Key License to exercise control over a Medical Marijuana Business or to be positioned so as to enable the exercise of control over a Medical Marijuana Business. Except that a Qualified Institutional Investor and a Qualified Limited Passive Investor may vote his, her or its shares in the Medical Marijuana Business.

B. Financial Interests. A Medical Marijuana Business shall not permit any Person to hold or exercise a Financial Interest in the Medical Marijuana Business unless and until such Person’s Financial Interest has been approved by the Division. If a Medical Marijuana Business wishes to permit a Person to hold or exercise a Financial Interest, and that Person has not been previously approved in connection with an application for the Medical Marijuana Business, the Medical Marijuana Business shall submit a change of ownership or financial interest form approved by the Division. A Financial Interest shall include:

1. Any Direct Beneficial Interest Owner;

2. The following types of Indirect Beneficial Interest Owners:
   a. A Commercially Reasonable Royalty Interest Holder who receives more than 30 percent of the gross revenue or gross profit from sales of the product or line of products subject to the royalty; and
   b. A Permitted Economic Interest holder.

3. Control. Any other Person who exercises control or is positioned so as to enable the exercise of control over a Medical Marijuana Business shall include but shall not be limited to a natural person who:
   a. Bears the risk of loss and opportunity for profit; Bears the risk of loss and opportunity for profit;
   b. Has final decision making authority over any material aspect of the operation of the Medical Marijuana Business;
   c. Manages the overall operations of a Medical Marijuana Business or its Licensed Premises, or who manages a material portion of the Medical Marijuana Business or its Licensed Premises;
d. Guarantees the Medical Marijuana Business’ debts or production levels;

e. Is a beneficiary of the Medical Marijuana Business’ insurance policies;

f. Receives the majority of the Medical Marijuana Business’ profits as compared to other recipients of the Medical Marijuana Business’ profits; or

g. Acknowledges liability for the Medical Marijuana Business’ federal, state or local taxes.

C. Affiliated Interests. A Medical Marijuana Business shall disclose all Affiliated Interests in connection with each application for licensure, renewal or reinstatement of the Medical Marijuana Business. The Division may conduct such background investigation as it deems appropriate regarding Affiliated Interests. An Affiliated Interest shall include any Person who does not hold a Financial Interest in the Medical Marijuana Business and who has any of the following relationships with the Medical Marijuana Business:

1. The following Indirect Beneficial Interest Owners:
   
   a. A Commercially Reasonable Royalty Interest Holder who receives 30 percent or less of the gross revenue or gross profit from sales of the product or line of products subject to the royalty;

   b. A Profit Sharing Plan Employee; and

   c. A Qualified Institutional Investor.

2. Any other Person who holds any other disclosable interest in the Medical Marijuana Business other than a Financial Interest. Such disclosable interests shall include but shall not be limited to an indirect financial interest, a lease agreement, a secured or unsecured loan, or security interest in fixtures or equipment with a direct nexus to the cultivation, manufacture, sale, transportation, or testing of Medical Marijuana or Medical Marijuana Products. If the Division determines any Person disclosed as an Affiliated Interest should have been pre-approved as a Financial Interest, approval and further background investigation may be required. Additionally, the failure to seek pre-approval of a Financial Interest holder may form the basis for license denial or administrative action against the Medical Marijuana Business.

D. Secured Interest In Marijuana Prohibited. No Person shall at any time hold a secured interest in Medical Marijuana or Medical Marijuana Products.

Basis and Purpose – M 206

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), 12-43.3-202(2)(a)(XX), 12-43.3-305, 12-43.3-310(7), and 12-43.3-310(13), and section 12-43.3-305, C.R.S. The purpose of this rule is to clarify the application process for changing location of a Licensed Premises.

M 206 – Changing Location of the Licensed Premises: Medical Marijuana Businesses

A. Application Required to Change Location of Licensed Premises
1. A Direct Beneficial Interest Owner or other authorized representative of a Medical Marijuana Business must make application to the Division for permission to change location of its Licensed Premises.

2. Such application shall:
   a. Be made upon current forms prescribed by the Division;
   b. Be complete in every material detail and include remittance of all applicable fees;
   c. Be submitted at least 30 days prior to the proposed change;
   d. Explain the reason for requesting such change;
   e. Be supported by evidence that the application complies with any local licensing authority requirements; and
   f. Contain a report of the relevant local licensing authority(-ies) in which the Medical Marijuana Business is to be situated, which report shall demonstrate the approval of the local licensing authority(-ies) with respect to the new location.

B. Permit Required Before Changing Location

1. No change of location shall be permitted until after the Division considers the application, and such additional information as it may require, and issues to the Applicant a permit for such change.

2. The permit shall be effective on the date of issuance, and the Licensee shall, within 120 days, change the location of its business to the place specified therein and at the same time cease to operate a Medical Marijuana Business at the former location. At no time may a Medical Marijuana Business operate or exercise any of the privileges granted pursuant to the license in both locations. For good cause shown, the 120 day deadline may be extended for an additional 120 days. If the Licensee does not change the location of its business within the time period granted by the Division, including any extension, the Licensee shall submit a new application, pay the requisite fees and receive a new permit prior to completing any change of the location of the business.

3. The permit shall be conspicuously displayed at the new location, immediately adjacent to the license to which it pertains.

C. General Requirements

1. An application for change of location to a different local licensing authority shall follow the same procedures as an application for a new Medical Marijuana Business license, except that licensing fees will not be assessed until the license is renewed. See Rule M 201 – Application Process.

2. An Applicant for change of location within the same local licensing authority shall file a change of location application with the Division and pay the requisite change of location fee. See Rule M 207 - Schedule of Application Fees: Medical Marijuana Businesses.
Basis and Purpose – M 210

The statutory authority for this rule is found at subsections 12-43.3-202(1)(a), 12-43.3-202(1)(b)(I), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), and sections 12-43.3-104, 12-43.3-310, 12-43.3-401, 12-43.3-501, and 12-43.3-502, 12-43.3-1101, and 12-43.3-1102, C.R.S. The purpose of this rule is to establish basic requirements for all Division applications and help the regulated community understand procedural licensing requirements.

M 210 – Schedule of Other Application Fees: All Licensees

A. Other Application Fees. The following other application fees apply:

1. Transfer of Ownership - New Owners - $1,600.00
2. Transfer of Ownership - Reallocation of Ownership - $1,000.00
3. Change of Corporation or LLC Structure - $800.00
4. Change of Trade Name - $50.00
5. Change of Location Application Fee - Same Local Jurisdiction Only - $500.00
6. Modification of Licensed Premises - $100.00
7. Duplicate Business License - $20.00
8. Duplicate Occupational License - $20.00
9. Off Premises Storage Permit - $1,500.00
10. Medical Marijuana Transporter Off Premises Storage Permit - $2,200.00
11. Responsible Vendor Program Provider Application Fee: $850.00
12. Responsible Vendor Program Provider Renewal Fee: $350.00
13. Responsible Vendor Program Provider Duplicate Certificate Fee: $50.00

B. When Other Application Fees Are Due. All other application fees are due at the time the application and/or request is submitted.

C. Subpoena Fee - See Rule M 106 – Subpoena Fees

Basis and Purpose – M 231.1

The statutory authority for this rule is found at subsections 12-43.3-201(4), 12-43.3-202(1)(b)(I), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), 12-43.3-310(4), 12-43.3-310(7), and 24-18-105(3), and sections 12-43.3-104, 12-43.3-307, 12-43.3-307.5, 12-43.3-313, 12-43.3-401, 24-76.5-101 et. seq, and, C.R.S. The purpose of this rule is to clarify the qualifications for Direct Beneficial Interest Owners.
M 231.1 – Finding of Suitability, Residency and Reporting Requirements for Direct Beneficial Interest Owners

A. Finding of Suitability – Non-Resident Direct Beneficial Interest Owners. A natural person, owner, shareholder, director, officer, member or partner of an entity that intends to apply to become a Direct Beneficial Interest Owner who has not been a resident of Colorado for at least one year prior to the application shall first submit a request to the State Licensing Authority for a finding of suitability to become a Direct Beneficial Interest Owner as follows:

1. A request for a finding of suitability for a non-resident natural person shall be submitted on the forms prescribed by the State Licensing Authority.

2. A natural person or all owners, shareholders, directors, officers, members or partners of an entity who have not been a resident of Colorado for at least one year shall obtain a finding of suitability prior to submitting an application to become a Direct Beneficial Interest Owner to the State Licensing Authority.

3. A finding of suitability is valid for one year from the date it is issued by the Division. If more than one year has passed since the Division issued a finding of suitability to a natural person, owner, shareholder, director, officer, member or partner of an entity that intends to apply to become a Direct Beneficial Interest Owner who has not been a resident of Colorado for at least one year prior to the application, then such applicant shall submit a new request for a finding of suitability to the State Licensing Authority and obtain a new finding of suitability before submitting any application to become a Direct Beneficial Interest Owner to the State Licensing Authority.

4. A non-Colorado resident’s failure to obtain a finding of suitability within the year prior to submission of an application to become a Direct Beneficial Interest Owner to the State Licensing Authority shall be grounds for denial of the application.

B. Number of Permitted Direct Beneficial Interest Owners.

1. A Medical Marijuana Business may be comprised of an unlimited number of Direct Beneficial Interest Owners that have been residents of Colorado for at least one year prior to the date of the application.

2. On and after January 1, 2017, a Medical Marijuana Business that is comprised of one or more Direct Beneficial Interest Owners who have not been Colorado residents for at least one year is limited to no more than fifteen Direct Beneficial Interest Owners, each of whom is a natural person. Further, a Medical Marijuana Business that is comprised of one or more Direct Beneficial Interest Owners who have not been Colorado residents for at least one year shall have at least one officer who is a Colorado resident. All officers with day-to-day operational control over a Medical Marijuana Business must be Colorado residents for at least one year, must maintain their Colorado residency during the period while they have day-to-day operational control over the Medical Marijuana Business and shall be licensed as required by the Medical Code. Rule 231 – Qualifications for Licensure and Residency: Individuals.

C. Notification of Change of Residency. A Medical Marijuana Establishment with more than fifteen Direct Beneficial Interest Owners shall provide thirty days prior notice to the Division of any Direct Beneficial Interest Owners’ intent to change their residency to a residency outside Colorado. A Medical Marijuana Business with no more than fifteen Direct Beneficial Interest Owners shall notify the Division of the change of residency of any Direct Beneficial Interest Owner at the time of its license renewal. Failure to provide timely notice pursuant to this rule may lead to...
administrative action against the Medical Marijuana Business and its Direct Beneficial Interest Owners.

D. A Direct Beneficial Interest Owner shall not be a publicly traded company.
M 304 [REPEALED]

Basis and Purpose – M 304.1

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XX), 12-43.3-202(2.5)(a)(I)(A)-(F), 12-43.4-104(1)(a)(V), 12-43.4-202(2)(b), 12-43.4-401(2), and 12-43.4-404(2), C.R.S. and sections 12-43.3-406, 12-43.4-405 and 12-43.4-406, C.R.S. The purpose of this rule is to establish guidelines for the manner in which a Medical Marijuana Business may share its existing Licensed Premises with a Licensed Retail Marijuana Establishment, and to ensure the proper separation of a Medical Marijuana Business operation from Retail Marijuana Establishment operation.

M 304.1 – Medical Marijuana Business and Retail Marijuana Establishment – Shared Licensed Premises and Operational Separation

A. Co-Located Medical Marijuana Centers and Retail Marijuana Stores

1. Medical Marijuana Center that does not authorize patients under the age of 21. A Medical Marijuana Center that prohibits Medical Marijuana patients under the age of 21 years from being on the Licensed Premises may also hold a Retail Marijuana Store license and operate at the same location under the following circumstances:
   a. The relevant local licensing authority and local jurisdiction permit a dual operation at the same location;
   b. The Medical Marijuana Center and Retail Marijuana Store are commonly owned;
   c. The Medical Marijuana Center and Retail Marijuana Store shall maintain physical or virtual separation between (i) Medical Marijuana, Medical Marijuana-Infused Products and other inventory and (ii) Retail Marijuana, Retail Marijuana Products and other inventory;
   d. The Medical Marijuana Center and Retail Marijuana Store shall maintain separate displays between (i) Medical Marijuana, Medical Marijuana-Infused Products and other inventory and (ii) Retail Marijuana, Retail Marijuana Products and other inventory, but the displays may be on the same sale floor;
   e. Record-keeping, inventory tracking, packaging and labeling for the Medical Marijuana Center and Retail Marijuana Store shall enable the Division and local licensing authority to clearly distinguish the inventories and business transactions of the Medical Marijuana Center from the inventories and business transactions of the Retail Marijuana Store;
   f. The Medical Marijuana Center shall post and maintain signage that clearly conveys that persons under the age of 21 years may not enter.

2. Medical Marijuana Center that authorizes patients under the age of 21. A Medical Marijuana Center that authorizes Medical Marijuana patients under the age of 21 years to be on the premises may operate in the same location with a Retail Marijuana Store under the following conditions:
   a. The relevant local licensing authority and local jurisdiction permit a dual operation at the same location;
b. The Medical Marijuana Center and the Retail Marijuana Store are commonly owned;

c. The Medical Marijuana Center and the Retail Marijuana Store maintain physical separation, including separate entrances and exits, between all portions of the Licensed Premises where sales occur;

d. No point of sale operations occur at any time outside the physically separated Licensed Premises;

e. All Medical Marijuana and Medical Marijuana-Infused Product in a Restricted Access Area must be physically separated from all Retail Marijuana and Retail Marijuana Product in a Restricted Access Area, and such physical separation must include separate entrances and exits;

f. Any display shall be located in the physically separated sales portions of the Medical Marijuana Center and Retail Marijuana Store must occur in portions of the Licensed Premises where sales occur;

g. In addition to the physically separated sales and display areas, the Medical Marijuana Center and Retail Marijuana Store shall maintain physical or virtual separation for storage of Medical Marijuana, Medical Marijuana-Infused Products and other inventory from storage of Retail Marijuana, Retail Marijuana Products and other inventory; and

h. Record-keeping, inventory tracking, packaging and labeling for the Medical Marijuana Center and Retail Marijuana Store shall enable the Division and local licensing authority to clearly distinguish the inventories and business transactions of the Medical Marijuana Center from the inventories and business transactions of the Retail Marijuana Store.

B. Co-located Optional Premises Cultivation Operation and Retail Marijuana Cultivation Facility. An Optional Premises Cultivation Operation and a Retail Marijuana Cultivation Facility may share a single Licensed Premises and operate at the same location under the following circumstances:

1. The relevant local licensing authority and local jurisdiction permit a dual operation at the same location;

2. The co-located Optional Premises Cultivation Operation and Retail Marijuana Cultivation Facility are commonly owned;

3. The co-located Optional Premises Cultivation Operation and Retail Marijuana Cultivation Facility shall maintain either physical or virtual separation between Medical Marijuana and Retail Marijuana; and

4. Record keeping, inventory tracking, packaging and labeling for the Optional Premises Cultivation Operation and Retail Marijuana Cultivation Facility must enable the Division and relevant local licensing authority to clearly distinguish the inventories and business transactions of the Optional Premises Cultivation Operation from the Retail Marijuana Cultivation Facility.

C. Co-located Medical Marijuana-Infused Products Manufacturer and Retail Marijuana Products Manufacturer. A Medical Marijuana-Infused Products Manufacturer and a Retail Marijuana
Products Manufacturing Facility may share a single Licensed Premises and operate at the same location under the following circumstances:

1. The relevant local licensing authority and local jurisdiction permit a dual operation at the same location;

2. The Medical Marijuana-Infused Products Manufacturer and the Retail Marijuana Products Manufacturing Facility are commonly owned;

3. The Medical Marijuana-Infused Products Manufacturer and Retail Marijuana Products Manufacturing Facility shall maintain either physical or virtual separation between (i) Medical Marijuana, Medical Marijuana-Infused Products and other inventory and (ii) Retail Marijuana, Retail Marijuana Products and other inventory; except that nothing in this rule prohibits a co-located Retail Marijuana Establishment and Medical Marijuana Business from sharing raw ingredients in bulk, for example flour or sugar, except that Retail Marijuana and Medical Marijuana may not be shared under any circumstances; and

4. Record keeping, inventory tracking, packaging and labeling for the Medical Marijuana-Infused Products Manufacturer and Retail Marijuana Products Manufacturing Facility must enable the Division and local licensing authority to clearly distinguish the inventories and business transactions of the Medical Marijuana-Infused Product Manufacturer from the Retail Marijuana Product Manufacturing Facility.

D. Co-located Medical Marijuana Testing Facility and Retail Marijuana Products Manufacturer. A Medical Marijuana Testing Facility and a Retail Marijuana Testing Facility may share a single Licensed Premises and operate at the same location under the following circumstances:

1. The relevant local licensing authority and local licensing jurisdiction permit dual operation at the same location;

2. The Medical Marijuana Testing Facility and Retail Marijuana Products Manufacturer are identically owned;

3. The Medical Marijuana Testing Facility and Retail Marijuana Testing Facility shall maintain either physical or virtual separation between (i) Medical Marijuana, Medical Marijuana-Infused Products and other inventory and (ii) Retail Marijuana, Retail Marijuana Products and other inventory; and

4. Record keeping, inventory tracking, packaging and labeling for the Medical Marijuana Testing Facility and Retail Marijuana Testing Facility must enable the Division and local licensing authority to clearly distinguish the inventories and business transactions of the Medical Marijuana Testing Facility from the Retail Marijuana Testing Facility.

E. Co-located Medical Marijuana Transporter and Retail Marijuana Transporter. A Medical Marijuana Transporter and a Retail Marijuana Transporter may share a single Licensed Premises and operate dual transporting, logistics, and temporary storage business operation at the same location under the following circumstances:

1. The relevant local licensing authority and local licensing jurisdiction permit dual operation at the same location;

2. The Medical Marijuana Transporter and Retail Marijuana Transporter are identically owned;
3. The Medical Marijuana Transporter and Retail Marijuana Transporter shall maintain
either physical or virtual separation between (i) Medical Marijuana, Medical Marijuana-
Infused Products and other inventory and (ii) Retail Marijuana, Retail Marijuana Products
and other inventory; and

4. Record keeping, inventory tracking, packaging and labeling for the Medical Marijuana
Transporter and Retail Marijuana Transporter must enable the Division and local
licensing authority to clearly distinguish the inventories and business transactions of the
Medical Marijuana Transporter from the Retail Marijuana Transporter.

F. Violation of this rule may be considered a license violation affecting public safety.

Basis and Purpose – M 305

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(X), and
12-43.3-202(2)(a)(XX), C.R.S. The purpose of this rule is to ensure adequate control of the Licensed
Premises and the Medical Marijuana and Medical Marijuana-Infused Product contained therein. This rule
also establishes the minimum guidelines for security requirements for alarm systems, and commercial
locking mechanisms for maintaining adequate security.

M 305 – Security Alarm Systems and Lock Standards

A. Security Alarm Systems – Minimum Requirements

1. Each Licensed Premises shall have a Security Alarm System, installed by an Alarm
Installation Company, on all perimeter entry points and perimeter windows.

2. Each Licensee must ensure that all of its Licensed Premises are continuously monitored.
Licensees may engage the services of a Monitoring Company to fulfill this requirement.

3. The Licensees shall maintain up to date and current records and existing contracts on the
Licensed Premises that describe the location and operation of each Security Alarm
System, a schematic of security zones, the name of the Alarm Installation Company, and
the name of any Monitoring Company. See Rule M 901 – Business Records Required.

4. Upon request, Licensees shall make available to agents of the Division or relevant local
licensing authority or other state or local law enforcement agency, for a purpose
authorized by the Medical Code or any other state or local law enforcement purpose, all
information related to Security Alarm Systems, Monitoring, and alarm activity.

5. Any outdoor Optional Premises Cultivation Facility, or greenhouse cultivation, is a Limited
Access Area and must meet all of the requirements for Security Alarm Systems
described in this rule. An outdoor or greenhouse Optional Premises Cultivation Facility
must provide sufficient security measures to demonstrate that outdoor areas are not
readily accessible by unauthorized individuals. It shall be the responsibility of the
Licensee to maintain physical security in a manner similar to an Optional Premises
Cultivation Facility located in an indoor Licensed Premises so it can be fully secured and
alarmed. The fencing requirements shall, at a minimum include, perimeter fencing
designed to prevent the general public from entering the Limited Access Areas that
meets at least the following requirements:

   Deleted: Basis and Purpose – M 304

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-
202(2)(a)(X), 12-43.3-202(2)(a)(XX), C.R.S. The purpose of this rule is to establish guidelines for the manner in which a
Medical Marijuana Business may share its existing Licensed Premises with a Licensed Retail Marijuana
Establishment, and to ensure the proper separation of a Medical Marijuana Business operation from Retail
Marijuana Establishment operation.

M 304 – Medical Marijuana Business and Retail
Marijuana Establishment – Shared Licensed
Premises and Operational Separation

A. Licensed Premises – General Requirements

1. A Medical Marijuana Center that prohibits patients under the age of 21 years to be on the Licensed
Premises may also hold a Retail Marijuana Store license and operate a dual retail business operation on
the same Licensed Premises if the relevant local licensing authority permits a dual operation at the same
location and the two are commonly owned.

2. A Medical Marijuana Center that authorizes medical marijuana patients under the age of 21 years to be on
the premises is prohibited from sharing its Licensed Premises with a Retail Marijuana Establishment. Even
when the two are commonly owned, the two shall maintain distinctly separate Licensed Premises;
including, but not limited to, separate sales and storage areas, separate entrances and exits, separate
inventories, separate point-of-sale operations, and separate record-keeping.

3. An Optional Premises Cultivation Operation and a Retail Marijuana Cultivation Facility may share a single
Licensed Premises in order to operate a dual cultivation business operation, if the relevant licensing
authority permits a dual operation at the same location and the two are commonly owned.

4. A Medical Marijuana-Infused Products Manufacturer Business Licensee and a Retail
Marijuana Products Manufacturing Facility may share a single Licensed Premises to operate a dual
manufacturing business operation, if the relevant local licensing authority permits a dual operation at the same
location and the two are commonly owned.

5. A Medical Marijuana Testing Facility Licensee and a Retail Marijuana Testing Facility Licensee may share a
generic Licensed Premises to operate a dual testing business operation at the same location if the relevant
local licensing authority permits dual operation at the same location and the two are identically owned.

6. A Medical Marijuana Transporter Licensee and a Retail Marijuana Transporter Licensee may share a
single Licensed Premises to operate a dual...
a. The fencing material shall be metal chain link of heavy gauge thickness or another similarly secure material but may not be wood. All support polls shall be steel and securely anchored.

b. The fence must measure at least 8 feet from the ground to the top of the fence.

c. All entry gates must measure at least 8 feet from the ground to the top of the entry gate and shall be constructed of metal chain link of a heavy gauge thickness or a similarly secure material but may not be wood.

B. Lock Standards – Minimum Requirement

1. At all points of ingress and egress, the Licensee shall ensure the use of a commercial-grade, non-residential door locks.

2. Any outdoor Optional Premises Cultivation Facility, or greenhouse cultivation, must meet all of the requirements for the lock standards described in this rule.

Basis and Purpose – M 306

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(X), and 12-43.3-202(2)(a)(XX), C.R.S. The purpose of this rule is to ensure adequate control of the Licensed Premises and the Medical Marijuana and Medical Marijuana-Infused Product contained therein. This rule also establishes the minimum guidelines for security requirements for video surveillance systems for maintaining adequate security.

Basis and Purpose – M 307

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XII), 12-43.3-202(1)(b)(XV), and 12-43.3-202(2)(a)(XX), C.R.S. The purpose of this rule is to establish sanitary requirements for Medical Marijuana Businesses.

M 307 – Waste Disposal

A. All Applicable Laws Apply. Medical Marijuana and Medical Marijuana-Infused Product waste must be stored, secured and managed in accordance with all applicable state and local statutes, regulations, ordinances or other requirements.

B. Liquid Waste. Liquid waste from Medical Marijuana Businesses shall be disposed of in compliance all applicable federal, state and local laws, regulations, rules and other requirements.

C. Chemical, Dangerous and Hazardous Waste. Disposal of chemical, dangerous or hazardous waste must be conducted in a manner consistent with federal, state and local laws, regulations, rules or other requirements. This may include, but is not limited to, the disposal of all Pesticide or other chemicals used in the cultivation process, certain solvents or other chemicals used in the production of Medical Marijuana Concentrate or any Medical Marijuana soaked in a Flammable Solvent for purposes of producing a Medical Marijuana Concentrate.

D. Waste Must Be Made Unusable and Unrecognizable. Medical Marijuana and Medical Marijuana-Infused Product waste must be made unusable and Unrecognizable prior to leaving the Licensed Premises.
E. Methods to Make Waste Unusable and Unrecognizable. Medical Marijuana and Medical Marijuana-Infused Product waste shall be rendered unusable and Unrecognizable through one of the following methods:

1. Grinding and incorporating the marijuana waste with non-consumable, solid wastes listed below such that the resulting mixture is at least 50 percent non-marijuana waste:
   a. Paper waste;
   b. Plastic waste;
   c. Cardboard waste;
   d. Food waste;
   e. Grease or other compostable oil waste;
   f. Bokashi, or other compost activators;
   g. Soil;
   h. Sawdust; and

   i. Other wastes approved by the State Licensing Authority that will render the Medical Marijuana and Medical Marijuana-Infused Product waste unusable and Unrecognizable as marijuana.

F. After Waste is Made Unusable and Unrecognizable. After the Medical Marijuana and Medical Marijuana-Infused Product waste is made unusable and Unrecognizable, then the rendered waste shall be:

1. Disposed of at a solid waste site and disposal facility that has a Certificate of Designation from the local governing body;

2. Deposited at a compost facility that has a Certificate of Designation from the Department of Public Health and Environment, if required;

3. Composted on-site at a facility owned by the generator of the waste and operated in compliance with the Regulations Pertaining to Solid Waste Sites and Facilities (6 CCR 1007-2, Part 1) in the Department of Public Health and Environment.

G. Proper Disposal of Waste. A Licensee shall not dispose of Medical Marijuana and Medical Marijuana-Infused Product waste in an unsecured waste receptacle not in possession and control of the Licensee.

H. Inventory Tracking Requirements

1. In addition to all other tracking requirements set forth in these rules, a Licensee shall utilize the Inventory Tracking System to ensure its post-harvest waste materials are identified, weighed and tracked while on the Licensed Premises until disposed of.

2. All Medical Marijuana waste must be weighed before leaving any Medical Marijuana Business. A scale used to weigh Medical Marijuana waste prior to entry into the Inventory...
Tracking System shall be tested and approved in accordance with 35-14-127, C.R.S. See Rule M 309 – Medical Marijuana Business: Inventory Tracking System.

3. A Licensee is required to maintain accurate and comprehensive records regarding waste material that accounts for, reconciles, and evidences all waste activity related to the disposal of Marijuana. See Rule M 901 – Business Records Required.

4. A Licensee is required to maintain accurate and comprehensive records regarding any waste material produced through the trimming or pruning of a Medical Marijuana plant prior to harvest, which must include weighing and documenting all waste. Unless required by an Inventory Tracking System procedure, records of waste produced prior to harvest must be maintained on the Licensed Premises. All waste, whether produced prior or subsequent to harvest, must be disposed of in accordance with this rule and be made unusable and unrecognizable.

Basis and Purpose – M 309

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XX), 12-43.3-403(2), and 12-43.4-104(1)(a)(III) C.R.S. The purpose of this rule is to establish a system that will allow the State Licensing Authority and the industry to jointly track Medical Marijuana and Medical Marijuana-Infused Product from either seed or immature plant stage until the Medical Marijuana or Medical Marijuana-Infused Product is sold to the patient or destroyed.

The Inventory Tracking System is a web-based tool coupled with RFID technology that allows both the Inventory Tracking System User and the State Licensing Authority the ability to identify and account for all Medical Marijuana or Medical Marijuana-Infused Product. Through the use of RFID technology, an Optional Premises Cultivation facility will tag either the seed or immature plant with an individualized number which will follow the Medical Marijuana through all phases of production and final sale to a patient. This will allow the State Licensing Authority and the Inventory Tracking System user the ability to monitor and track Medical Marijuana and Medical Marijuana-Infused Product. The Inventory Tracking System will also provide a platform for the State Licensing Authority to exchange information and provide compliance notifications to the industry.

The State Licensing Authority finds it essential to regulate, monitor, and track all Medical Marijuana and Medical Marijuana-infused Product to eliminate diversion, inside and outside of the state, and to ensure that all marijuana grown, processed, sold and disposed of in the Medical Marijuana market is transparently accounted for. An existing Medical Marijuana Business must have an active and functional Inventory Tracking System account on or before December 31, 2013 or it may not excise the privileges of its license.

The State Licensing Authority will engage the industry and provide training opportunities and continue to evaluate the Inventory Tracking System to promote an effective means for this industry to account for and monitor its Medical Marijuana inventory.

M 309 – Medical Marijuana Business: Inventory Tracking System

A. Inventory Tracking System Required. A Medical Marijuana Business is required to use the Inventory Tracking System as the primary inventory tracking system of record. A Medical Marijuana Business without an Inventory Tracking System account that is activated and functional shall not operate or exercise any privileges of a license. Medical Marijuana Businesses converting to or adding a Retail Marijuana Establishment must follow the inventory transfer guidelines detailed in Rule R 309 (D) below.

B. Inventory Tracking System Access - Inventory Tracking System Administrator
1. **Inventory Tracking System Administrator Required.** A Medical Marijuana Business must have at least one individual Owner who is an Inventory Tracking System Administrator. A Medical Marijuana Business may also designate additional Owners and occupationally licensed employees to obtain Inventory Tracking System Administrator accounts.

2. **Training for Inventory Tracking System Administrator Account.** In order to obtain an Inventory Tracking System Administrator account, a person must attend and successfully complete all required Inventory Tracking System training. The Division may also require additional ongoing, continuing education for an individual to retain his or her Inventory Tracking System Administrator account.

C. **Inventory Tracking System Access - Inventory Tracking System User Accounts.** A Medical Marijuana Business may designate licensed Owners and employees who hold a valid Occupational License as an Inventory Tracking System User. A Medical Marijuana Business shall ensure that all Owners and Occupational Licensees who are granted Inventory Tracking System User account access for the purposes of conducting inventory tracking functions in the system are trained by Inventory Tracking System Administrators in the proper and lawful use of Inventory Tracking System.

D. **Medical Marijuana Business License Conversions - Declaring Inventory Prior to Exercising Licensed Privileges as a Medical Marijuana Business**

1. **Medical Marijuana Inventory Transfer to Retail Marijuana Establishments.**
   a. This rule M 309(D)(1)(a) is repealed effective July 1, 2016. Prior to July 1, 2016, each Medical Marijuana Business that is either converting to or adding a Retail Marijuana Establishment license must create a Retail Marijuana Inventory Tracking System account for each license it is converting or adding. A Medical Marijuana Business must transfer all relevant Medical Marijuana inventory into the Retail Marijuana Establishment's Inventory Tracking System account and affirmatively declare those items as Retail Marijuana and Retail Marijuana Product.
   
   b. Beginning July 1, 2016:
      i. The only allowed transfer of marijuana between a Medical Marijuana Business and Retail Marijuana Establishment is Medical Marijuana and Medical Marijuana Concentrate that was produced at the Optional Premises Cultivation Operation, from the Optional Premises Cultivation Operation to a Retail Marijuana Cultivation Facility.
      
      ii. Each Optional Premises Cultivation Operation that is either converting to or adding a Retail Marijuana Cultivation Facility license must create a Retail Marijuana Inventory Tracking System account for each license it is converting or adding.
      
      iii. An Optional Premises Cultivation Operation must transfer all relevant Medical Marijuana and Medical Marijuana Concentrate into the Retail Marijuana Cultivation Facility's Inventory Tracking System account and affirmatively declare those items as Retail Marijuana or Retail Marijuana Concentrate as appropriate.
iv. The marijuana subject to the one-time transfer is subject to the excise tax upon the first transfer from the Retail Marijuana Cultivation Facility to another Retail Marijuana Establishment.

v. All other transfers are prohibited, including but not limited to transfers from a Medical Marijuana Center or Medical Marijuana-Infused Products Manufacturer to any Retail Marijuana Establishment.

2. No Further Transfer Allowed. Once a Licensee has declared any portion of its Medical Marijuana inventory as Retail Marijuana, no further transfers of inventory from Medical Marijuana to Retail Marijuana shall be allowed.

E. RFID Tags Required

1. Authorized Tags Required and Costs. Licensees are required to use RFID tags issued by a Division-approved vendor that is authorized to provision RFID tags for the Inventory Tracking System. Each licensee is responsible for the cost of all RFID tags and any associated vendor fees.

2. Use of RFID Tags Required. A Licensee is responsible to ensure its inventories are properly tagged where the Inventory Tracking System requires RFID tag use. A Medical Marijuana Business must ensure it has an adequate supply of RFID tags to properly tag Medical Marijuana and Medical Marijuana-Infused Product as required by the Inventory Tracking System. An RFID tag must be physically attached to every plant being cultivated that is greater than four inches tall or four inches wide. An RFID tag must be assigned to all Finished Marijuana, Medical Marijuana Concentrate and Medical Marijuana-Infused Product. See also M 801(G.5) – Required RFID Tags; M 1007-1(H) – Shipping Containers.

3. Reuse of RFID Tags Prohibited. A Licensee shall not reuse any RFID tag that has already been affixed or assigned to any Finished Marijuana, Medical Marijuana, Medical Marijuana Concentrate or Medical Marijuana-Infused Product.

F. General Inventory Tracking System Use

1. Reconciliation with Inventory. All inventory tracking activities at a Medical Marijuana Business must be tracked through use of the Inventory Tracking System. A Licensee must reconcile all on-premises and in-transit Medical Marijuana and Medical Marijuana-Infused Product inventories each day in the Inventory Tracking System at the close of business.

2. Common Weights and Measures.

   a. A Medical Marijuana Business must utilize a standard of measurement that is supported by the Inventory Tracking System to track all Medical Marijuana and Medical Marijuana-Infused Product.

   b. A scale used to weigh such product prior to entry into the Inventory Tracking System shall be tested and approved in accordance with 35-14-127, C.R.S.

3. Inventory Tracking System Administrator and User Accounts – Security and Record

   a. A Medical Marijuana Business shall maintain an accurate and complete list of all Inventory Tracking System Administrators and Inventory Tracking System Users
for each Licensed Premises. A Medical Marijuana Business shall update this list when a new Inventory Tracking System User is trained. A Medical Marijuana Business must train and authorize any new Inventory Tracking System Users before those Owners or employees may access Inventory Tracking System or input, modify, or delete any information in the Inventory Tracking System.

b. A Medical Marijuana Business must cancel any Inventory Tracking System Administrators and Inventory Tracking System Users from their associated Inventory Tracking System accounts once any such individuals are no longer employed by the Licensee or at the Licensed Premises.

c. A Medical Marijuana Business is accountable for all actions employees take while logged into the Inventory Tracking System or otherwise conducting Medical Marijuana or Medical Marijuana-Infused Product inventory tracking activities.

d. Each individual user is also accountable for all of his or her actions while logged into the Inventory Tracking System or otherwise conducting Medical Marijuana or Medical Marijuana-Infused Product inventory tracking activities, and must maintain compliant with all relevant laws.

4. **Secondary Software Systems Allowed**

a. Nothing in this rule prohibits a Medical Marijuana Business from using separate software applications to collect information to be used by the business including secondary inventory tracking or point of sale systems.

b. A Licensee must ensure that all relevant Inventory Tracking System data is accurately transferred to and from the Inventory Tracking System for the purposes of reconciliations with any secondary systems.

c. A Medical Marijuana Business must preserve original Inventory Tracking System data when transferred to and from a secondary application(s). Secondary software applications must use Inventory Tracking System data as the primary source of data and must be compatible with updating to the Inventory Tracking System.

G. **Conduct While Using Inventory Tracking System**

1. **Misstatements or Omissions Prohibited.** A Medical Marijuana Business and its designated Inventory Tracking System Administrator(s) and Inventory Tracking System User(s) shall enter data into the Inventory Tracking System that fully and transparently accounts for all inventory tracking activities. Both the Medical Marijuana Business and the individuals using the Inventory Tracking System are responsible for the accuracy of all information entered into the Inventory Tracking System. Any misstatements or omissions may be considered a license violation affecting public safety.

2. **Use of Another User's Login Prohibited.** Individuals entering data into the Inventory Tracking System shall only use that individual's Inventory Tracking System account.

3. **Loss of System Access.** If at any point a Medical Marijuana Business loses access to the Inventory Tracking System for any reason, the Medical Marijuana Business must keep and maintain comprehensive records detailing all Medical Marijuana and Medical Marijuana-Infused Product tracking inventory activities that were conducted during the loss of access. See Rule M 901 – Business Records Required. Once access is restored,
all Medical Marijuana and Medical Marijuana-Infused Product inventory tracking activities that occurred during the loss of access must be entered into the Inventory Tracking System. A Medical Marijuana Business must document when access to the system was lost and when it was restored. A Medical Marijuana Business shall not transport any Medical Marijuana or Medical Marijuana-Infused Product to another Medical Marijuana Business until such time as access is restored and all information is recorded into the Inventory Tracking System.

H. System Notifications

1. Compliance Notifications. A Medical Marijuana Business must monitor all compliance notifications from the Inventory Tracking System. The Licensee must resolve the issues detailed in the compliance notification in a timely fashion. Compliance notifications shall not be dismissed in the Inventory Tracking System until the Medical Marijuana Business resolves the compliance issues detailed in the notification.

2. Informational Notifications. A Medical Marijuana Business must take appropriate action in response to informational notifications received through the Inventory Tracking System, including but not limited to notifications related to RFID billing, enforcement alerts, and other pertinent information.

I. Lawful Activity Required. Proper use of the Inventory Tracking System does not relieve a Licensee of its responsibility to maintain compliance with all laws, rules, and other requirements at all times.

J. Inventory Tracking System Procedures Must Be Followed. A Medical Marijuana Business must utilize the Inventory Tracking System in conformance with these rules and Inventory Tracking System procedures, including but not limited to:

1. Properly indicating the creation of a Production Batch including the assigned Production Batch Number;
2. Accurately identifying the cultivation rooms and location of each plant within those rooms on the Licensed Premises;
3. Accurately identifying when inventory is no longer on the Licensed Premises;
4. Properly indicating that a Test Batch is being used as part of achieving process validation;
5. Accurately indicating the METRC category for all Medical Marijuana, Medical Marijuana Concentrate and Medical Marijuana-Infused Product; and
6. Accurately including a note explaining the reason for any destruction of plants or adjustment of weights to Inventory Tracking System packages.

Deleted: and
Basis and Purpose – M 304

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(l), 12-43.3-202(2)(a)(XX), 12-43.3-202(2.5)(a)(l)(A)-(F), 12-43.4-104(1)(a)(V), 12-43.4-202(b), 12-43.4-401(2), and 12-43.4-404(2), C.R.S. and sections 12-43.3-406, 12-43.4-405 and 12-43.4-406, C.R.S. The purpose of this rule is to establish guidelines for the manner in which a Medical Marijuana Business may share its existing Licensed Premises with a Licensed Retail Marijuana Establishment, and to ensure the proper separation of a Medical Marijuana Business operation from Retail Marijuana Establishment operation.

M 304 – Medical Marijuana Business and Retail Marijuana Establishment – Shared Licensed Premises and Operational Separation

A. Licensed Premises – General Requirements

1. A Medical Marijuana Center that prohibits patients under the age of 21 years to be on the Licensed Premises may also hold a Retail Marijuana Store license and operate a dual retail business operation on the same Licensed Premises if the relevant local licensing authority permits a dual operation at the same location and the two are commonly owned.

2. A Medical Marijuana Center that authorizes medical marijuana patients under the age of 21 years to be on the premises is prohibited from sharing its Licensed Premises with a Retail Marijuana Establishment. Even when the two are commonly owned, the two shall maintain distinctly separate Licensed Premises; including, but not limited to, separate sales and storage areas, separate entrances and exits, separate inventories, separate point-of-sale operations, and separate record-keeping.

3. An Optional Premises Cultivation Operation and a Retail Marijuana Cultivation Facility may share a single Licensed Premises in order to operate a dual cultivation business operation, if the relevant licensing authority permits a dual operation at the same location and the two are commonly owned.

4. A Medical Marijuana-Infused Products Manufacturer Business Licensee and a Retail Marijuana Products Manufacturing Facility may share a single Licensed Premises to operate a dual manufacturing business operation, if the relevant local licensing authority permits a dual operation at the same location and the two are commonly owned.

5. A Medical Marijuana Testing Facility Licensee and a Retail Marijuana Testing Facility Licensee may share a single Licensed Premises to operate a dual testing business operation at the same location if the relevant local licensing authority permits dual operation at the same location and the two are identically owned.

6. A Medical Marijuana Transporter Licensee and a Retail Marijuana Transporter Licensee may share a single Licensed Premises to operate a dual transporting, logistics, and temporary storage business operation at the same location if the relevant local licensing authority permits dual operation at the same location and the two are identically owned.

B. Separation of Co-located Licensed Operations

1. Cultivation Operations. A Person operating an Optional Premises Cultivation Operation and a Retail Marijuana Cultivation Facility shall maintain either physical or virtual separation of the facilities, marijuana plants, and marijuana inventory. Record keeping for the business operations and labeling of products must enable the Division and relevant...
local licensing authority to clearly distinguish the inventories and business transactions of Medical Marijuana Business from the Retail Marijuana Establishment.

2. **Manufacturing Operations.** A Person operating a Medical Marijuana-Infused Products Manufacturer Business and Retail Marijuana Products Manufacturing Facility shall maintain either physical or virtual separation of the facilities, product ingredients, product manufacturing, and final product inventory. Record keeping for the business operations and labeling of products must enable the Division and local licensing authority to clearly distinguish the inventories and business transactions of Medical Marijuana-Infused Product from Retail Marijuana Product.

3. **Raw Ingredients May Be Shared.** Nothing in this rule prohibits a co-located Retail Marijuana Establishment and Medical Marijuana Business from sharing raw ingredients in bulk, for example flour or sugar, except that Retail Marijuana and Medical Marijuana may not be shared under any circumstances.

4. **Retail Store and Medical Center Operations: No Patients Under The Age of 21 Years.** Persons operating a Medical Marijuana Center that specifically prohibits the admittance of patients under the age of 21 years and a Retail Marijuana Store may share their Licensed Premises. Such a Medical MarijuanaCenter Licensee must post signage that clearly conveys that persons under the age of 21 years may not enter. Under these circumstances and upon approval of the State Licensing Authority, the Medical Marijuana Center and the Retail Marijuana Store may share the same entrances and exits. Also under these circumstances, Medical Marijuana and Retail Marijuana and Medical Marijuana-Infused Product and Retail Marijuana Product must be separately displayed on the same sale floor. Record keeping for the business operations of both must allow the Division and relevant local licensing authority to clearly distinguish the inventories and business transactions of Medical Marijuana and Medical Marijuana-Infused Product from Retail Marijuana and Retail Marijuana Product. Violation of the restrictions in this rule by co-located Medical Marijuana Centers and Retail Marijuana Establishments may be considered a license violation affecting public safety.

5. **Retail Stores and Medical Marijuana Centers: Patients Under The Age of 21 Years.** A co-located Medical Marijuana Center and Retail Marijuana Store shall maintain separate Licensed Premises, including entrances and exits, inventory, point of sale operations, and record keeping if the Medical Marijuana Center serves patients under the age of 21 years or permits admission of patients under the age of 21 years on its premises.

6. **Testing Facilities.** A co-located Medical Marijuana Testing Facility and Retail Marijuana Testing Facility shall maintain either physical or virtual separation of the facilities and marijuana and products being tested. Record keeping for the business operations and labeling of products must enable the Division and local licensing authority to clearly distinguish the inventories and business transactions of Medical Marijuana and Medical Marijuana-Infused Product and Retail Marijuana and Retail Marijuana Product.

6.1. **Transporters.** A co-located Medical Marijuana Transporter and Retail Marijuana Transporter shall maintain either physical or virtual separation of the facilities and Medical Marijuana, Medical Marijuana-Infused Products, Retail Marijuana, and Retail Marijuana Products being transported and stored. Record keeping for the business operations and storage of products must enable the Division and local licensing authority to clearly distinguish the inventories and business transactions of Medical Marijuana and Medical Marijuana-Infused Product and Retail Marijuana and Retail Marijuana Product.

7. **Clear Separation of Inventory.** A Person who operates both a Medical Marijuana Business and Retail Marijuana Establishment within one location is required to maintain separate and distinct inventory tracking processes for Medical and Retail Marijuana
inventories. The inventories must be clearly tagged or labeled so that the products can be reconciled to a particular Medical Marijuana Business or a Retail Marijuana Establishment.
M 400 Series – Medical Marijuana Centers

Basis and Purpose – M 401

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), 12-43.3-202(2)(a)(XX), 12-43.3-202(2.5)(a)(A-F), 12-43.3-310(7), 12-43.3-310(4), and sections 12-43.3-402 and 12-43.3-406, C.R.S. The purpose of this rule is to establish that it is unlawful for a Medical Marijuana Center Licensee to exercise any privileges other than those granted by the State Licensing Authority, and to clarify the license privileges.

M 401 – Medical Marijuana Center: License Privileges

A. Privileges Granted. A Medical Marijuana Center shall only exercise those privileges granted to it by the State Licensing Authority.

B. Licensed Premises. To the extent authorized by Rule M 304 – Medical Marijuana Business and Retail Marijuana Establishment – Shared Licensed Premises and Operational Separation, a Medical Marijuana Center may share a location with a commonly-owned Retail Marijuana Store. However, a separate license is required for each specific business or business entity, regardless of geographical location.

C. Authorized Sources of Medical Marijuana. A Medical Marijuana Center may only sell Medical Marijuana that it has purchased from another Medical Marijuana Center or that the center has cultivated itself, after first obtaining an Optional Premises Cultivation Operation License. See Rule M 501 – Optional Premises Cultivation Operation: License Privileges.

D. Authorized Sources of Medical Marijuana-Infused Product Inventory. A Medical Marijuana Center may sell Medical Marijuana-Infused Product that it has purchased from a Medical Marijuana-Infused Products Manufacturer, so long as each product are pre-packaged and labeled upon purchase from the manufacturer.

E. Samples Provided for Testing.

1. Repealed.

1.5. A Medical Marijuana Center may provide Samples of its products to a Medical Marijuana Testing Facility for testing and research purposes. The Medical Marijuana Center shall maintain the testing results as part of its business books and records. See Rule M 901 – Business Records Required.

F. Authorized On-Premises Storage. A Medical Marijuana Center is authorized to store inventory on the Licensed Premises. All inventory stored on the Licensed Premises must be secured in a Limited Access Area or Restricted Access Area, and tracked consistently with the inventory tracking rules.

G. Authorized Marijuana Transport. A Medical Marijuana Center is authorized to utilize a licensed Medical Marijuana Transporter for transportation of its Medical Marijuana and Medical Marijuana-Infused Product so long as the place where transportation orders are taken and delivered is a licensed Medical Marijuana Business. Nothing in this rule prevents a Medical Marijuana Center from transporting its own Medical Marijuana and Medical Marijuana-Infused Product.

Basis and Purpose – M 402
The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), 12-43.3-202(2)(a)(XX), 12-43.3-310(7), and 12-43.3-310(4), C.R.S. The purpose of this rule is to establish that a Medical Marijuana Center can only grow Medical Marijuana in its Optional Premises Cultivation Operation for a patient that has designated that Medical Marijuana Center as being his or her primary center. The rule also helps to ensure that Medical Marijuana plants designated to a particular patient are only being grown at one Medical Marijuana Center.

**M 402 – Registration of a Primary Medical Marijuana Center**

A. **Patient Designation Required.** A Medical Marijuana Center may possess only the amount of Medical Marijuana and number of plants permitted by Rule M 403(A.5) for each patient who has designated the Medical Marijuana Center as being his or her primary center. A patient’s designation of a Medical Marijuana Center as his or her primary center in accordance with these Rules establishes the center registration requirements set forth in sections 12-43.3-901(4)(e), and 25-1.5-106(8)(f), C.R.S.

B. **Change Only Allowed Every 30 Days.** A Medical Marijuana Center shall not register a patient as being the patient’s primary center if the patient has designated another Medical Marijuana Center as his or her primary center in the preceding 30 days. The Medical Marijuana Center and its employees must require a patient to sign in writing that he or she has not designated another Medical Marijuana Center as his or her primary center before growing Medical Marijuana plants on behalf of the patient.

C. **Required Questions.** A Medical Marijuana Center must maintain a written record of the following questions and their answers at the time a patient indicates a desire to designate said center as his or her primary center:

1. **Questions to the patient:**
   a. Which Medical Marijuana Center is currently the patient’s primary center; and
   b. How many plants is the patient’s current primary center is cultivating for that patient.

2. **Questions to the current primary center:**
   a. How many plants is the Medical Marijuana Center cultivating for the patient; and
   b. How many of the patient’s plants has the Medical Marijuana Center harvested.

D. **Documents Required.** The new primary center shall maintain written authorization from the patient and any relative plant count waivers to support the number of plants designated for that patient, and copies of the patient’s registry card and proof of identification. See also Rule M 901 – Business Records Required.

E. **Violation of Public Safety.** Notwithstanding the provisions in M 402 (B), it may be considered a violation of public safety for a Medical Marijuana Center and its employees to become a patient’s primary center when the patient already had designated one or more other Medical Marijuana Centers as his or her primary center.

**Basis and Purpose – M 403**
The statutory authority for this rule is found at subsections 12-43.3-103(2)(b), 12-43.3-202(1)(b)(l), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), 12-43.3-202(2)(a)(XX), 12-43.3-310(7), 12-43.3-310(4), 12-43.4-401(4) and sections 12-43.3-402 and 12-43.3-406, C.R.S. Authority also exists in the Colorado Constitution at Article XVIII, Subsection 14(4). The purpose of this rule is to clarify those acts that are prohibited, or limited in some fashion, by a licensed Medical Marijuana Center. This rule also restricts the amount of its inventory a Medical Marijuana Center may sell to other Medical Marijuana Businesses to 30 percent.

The quantity limitations on sales provision is intended to inform stakeholders in order to aid in compliance with a patient’s lawful medical marijuana limit. Clarifying the quantity limitations on sales provides Medical Marijuana Centers and their employees with necessary information to avoid being complicit in a patient acquiring more medical marijuana than is lawful under the Colorado Constitution pursuant to Article XVIII, Subsection 14(4).

### M 403 – Medical Marijuana Sales: General Limitations or Prohibited Acts

#### A. 30 Percent Rule

Pursuant to section 12-43.3-402(4), C.R.S., a Medical Marijuana Center may purchase not more than thirty percent of its total on-hand medical marijuana inventory from another licensed Medical Marijuana Center in Colorado. A Medical Marijuana Center may sell no more than thirty percent of its total on-hand Medical Marijuana inventory to another Medical Marijuana Center.

- **Total on-hand inventory** as used in section 12-43.3-402(4), C.R.S., means the total amount of Medical Marijuana that a Medical Marijuana Center received from its dedicated Optional Premises Cultivation Operation and any other Medical Marijuana Center in the preceding twelve months.

- A Medical Marijuana Center may apply for a temporary waiver from the requirements set forth in this rule and section 12-43.3-402(4), C.R.S. under the following circumstances:
  - A Medical Marijuana Center that suffers a catastrophic event related to its total on-hand inventory: examples of a catastrophic event include, but are not limited to: blight, crop failure, crop contamination, or natural disasters; or
  - To a new Medical Marijuana Center Licensee for a period not to exceed ninety days from the commencement of the first cultivation activities.

#### A.5 On-hand Inventory

For purposes of section 12-43.3-901(4)(e), C.R.S., a Medical Marijuana Center may possess both six (6) Medical Marijuana plants and two (2) ounces of Medical Marijuana for each patient who has registered the Medical Marijuana Center as his or her primary Medical Marijuana Center.

- A Medical Marijuana Center may exceed the six (6) Medical Marijuana plant and two (2) ounces of Medical Marijuana per-patient limits for patients registered with the Medical Marijuana Center who are authorized to exceed the six (6) Medical Marijuana plant and two (2) ounces of Medical Marijuana limits.

- A Medical Marijuana Center shall not exceed the six (6) Medical Marijuana plant and two (2) ounces of Medical Marijuana per-patient limits unless it obtains and maintains documentation from the registered patient’s physician authorizing the patient to exceed the six (6) Medical Marijuana plant and two (2) ounces of Medical Marijuana limits.
c. A Medical Marijuana Center shall not possess under any circumstance Medical Marijuana plants and Medical Marijuana in excess of the total amount of Medical Marijuana plants and Medical Marijuana that its registered patients are authorized to possess.

d. Finished Marijuana located at the Medical Marijuana Center’s dedicated Optional Premises Cultivation Operation shall count as on-hand inventory of the Medical Marijuana Center.

B. Medical Marijuana-Infused Products Manufacturers. A Medical Marijuana Center may also contract for the manufacture of Medical Marijuana Concentrate or Medical Marijuana-Infused Product with Medical Marijuana-Infused Product Licensees utilizing a contract as provided for in Rule M 602 – Medical Marijuana-Infused Products Manufacturer: General or Prohibited Acts (Infused Product Contracts). Medical Marijuana distributed to a Medical Marijuana-Infused Products Manufacturer by a Medical Marijuana Center pursuant to such a contract for use solely in Medical Marijuana-Infused Product(s) that are returned to the contracting Medical Marijuana Center shall not be included for purposes of determining compliance with subsection A.

C. Consumption Prohibited. Licensees shall not permit the consumption of marijuana or a marijuana product on the Licensed Premises.

D. Quantity Limitations On Sales. During a single transaction to a patient, a Medical Marijuana Center and its employees are prohibited from selling:

a. More than two ounces of Medical Marijuana, unless the patient designated the Medical Marijuana Center as his or her primary center and supplied it with documentation from the patient’s physician allowing the patient more than two ounces of Medical Marijuana;

b. More than the patient’s extended ounce count to a patient who designated the Medical Marijuana Center as his or her primary center and supplied it with documentation from the patient’s physician allowing the patient more than two ounces of Medical Marijuana;

c. More than six Immature Plants unless the patient has designated the Medical Marijuana Center as his or her primary center and supplied it with documentation from the patient’s physician allowing the patient more than six plants;

d. More than half of the patient’s extended plant count to a patient who has designated the Medical Marijuana Center as his or her primary center and supplied it with documentation from the patient’s physician allowing the patient more than six plants.

D.5. For purposes of Rule M 403(D), a single transaction to a patient includes multiple sales to the same patient during the same business day where the Medical Marijuana Center employee knows or reasonably should know that such sale would result in the patient possessing more than the quantities of Medical Marijuana or Immature Plants set forth above.

F. Licensees May Refuse Sales. Nothing in these rules prohibits a Licensee from refusing to sell Medical Marijuana or Medical Marijuana-Infused Product to a patient.

F. Storage and Display Limitations. A Medical Marijuana Center shall not display Medical Marijuana and Medical Marijuana-Infused Product outside of a designated Restricted Access Area or in a manner in which Medical Marijuana or Medical Marijuana-Infused Product can be seen from outside the Licensed Premises. Storage of Medical Marijuana and Medical Marijuana-Infused Product shall otherwise be maintained in Limited Access Areas or Restricted Access Area.
G. Sale of Expired Product Prohibited. A Medical Marijuana Center shall not sell any expired Medical Marijuana-Infused Product.

G.1 A Medical Marijuana Center shall not sell or give away Medical Marijuana or Medical Marijuana-Infused Product to a Medical Marijuana Transporter, and shall not buy, or receive complimentary Medical Marijuana or Medical Marijuana-Infused Product from a Medical Marijuana Transporter.

G.2 A Medical Marijuana Center shall not compensate its employees using performance-based sales incentives. Performance-based incentives that are not sales-based are acceptable. Examples of performance-based incentives that are not sales-based include recognition for providing quality information to consumers, or the duration of the employee’s employment with the Medical Marijuana Center.

G.3 Edibles Prohibited that are Shaped like a Human, Animal, or Fruit. This paragraph G.3 is effective beginning October 1, 2017.

1. The sale or donation of Edible Medical Marijuana-Infused Products in the following shapes is prohibited:
   a. The distinct shape of a human, animal, or fruit; or
   b. A shape that bears the likeness or contains characteristics of a realistic or fictional human, animal, or fruit, including artistic, caricature, or cartoon renderings.

2. The prohibition on human, animal, and fruit shapes does not apply to the logo of a licensed Medical Marijuana Business. Nothing in this subparagraph (G.3)(2) alters or eliminates a Licensee’s obligation to comply with the requirements of Rule M 1001.5 – Labeling and Packaging Requirements: General Applicability or Rule M 1000-1 Series – Packaging, Labeling and Product Safety.

3. Edible Medical Marijuana-Infused Products that are geometric shapes and simply fruit flavored are not considered fruit and are permissible; and

4. Edible Medical Marijuana-Infused Products that are manufactured in the shape of a marijuana leaf are permissible.

H. Violation Affecting Public Safety. Failure to comply with this rule may constitute a license violation affecting public safety.

Basis and Purpose – M 406

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(1)(h), 12-43.3-202(2)(a)(XX), and 12-43.3-402(1)(b), C.R.S. The purpose of this rule is to require all Medical Marijuana-Centers to track all inventory from the point it is received to the point of Transfer to another Medical Marijuana Center.

M 406 – Medical Marijuana Center: Inventory Tracking System

A. Minimum Tracking Requirement. Medical Marijuana Centers must use the Inventory Tracking System to ensure its Medical Marijuana and Medical Marijuana-Infused Product are identified and tracked from the point of Transfer from an Optional Premises Cultivation Operation, Medical Marijuana-Infused Products Manufacturer, or Medical Marijuana Transporter through the point of sale. See also Rule M 309 – Inventory Tracking System. Medical Marijuana Center: Inventory
Tracking System. The Medical Marijuana Center must have the ability to reconcile its inventory records with the Inventory Tracking System and the associated transaction history and sale receipts. See also Rule M 901 – Business Records Required.

1. A Medical Marijuana Center is prohibited from accepting any Medical Marijuana or Medical Marijuana-Infused Product from an Optional Premises Cultivation Operation, Medical Marijuana-Infused Products Manufacturer, or Medical Marijuana Transporter without receiving a valid transport manifest generated from the Inventory Tracking System.

2. A Medical Marijuana Center must immediately input all Medical Marijuana or Medical Marijuana-Infused Product delivered to the Licensed Premises, accounting for all RFID tags, into the Inventory Tracking System at the time of delivery from an Optional Premises Cultivation Operation, Medical Marijuana-Infused Products Manufacturer, or Medical Marijuana Transporter.

3. A Medical Marijuana Center must immediately account for all Medical Marijuana Transferred to another Medical Marijuana Center in the Inventory Tracking System.

4. A Medical Marijuana Center must reconcile transactions from their point of sale processes and on-hand inventory to the Inventory Tracking System at the close of business each day.
M 500 Series – Medical Marijuana Optional Premises Cultivation Operation: License Privileges

Basis and Purpose – M 501

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), 12-43.3-202(2)(a)(XX), and 12-43.4-401(4), and sections 12-43.3-310, 12-43.4-402, 12-43.4-403, 12-43.4-404, and 12-43.4-406, C.R.S. The purpose of this rule is to establish that it is unlawful for an Optional Premises Cultivation Operation to exercise any privileges other than those granted by the State Licensing Authority, and to clarify the license privileges.

M 501 – Medical Marijuana Optional Premises Cultivation Operation: License Privileges

A. Privileges Granted. A Medical Marijuana Optional Premises Cultivation Operation shall only exercise those privileges granted to it by the State Licensing Authority.

B. Licensed Premises. To the extent authorized by Rule M 304 – Medical Marijuana Business and Retail Marijuana Establishment – Shared Licensed Premises and Operational Separation, a Medical Marijuana Optional Premises Cultivation Facility may share a location with a commonly-owned Retail Marijuana Cultivation Facility. However, a separate license is required for each specific business entity regardless of geographical location.

C. Cultivation of Medical Marijuana Authorized. A Medical Marijuana Optional Premises Cultivation Operation may Propagate, cultivate, harvest, prepare, cure, package, store, and label Medical Marijuana, whether in concentrated form or otherwise.

D. Authorized Transfers. A Medical Marijuana Optional Premises Cultivation Operation may only Transfer Medical Marijuana to the Medical Marijuana Center or Medical Marijuana Infused Products Manufacturer it is designated to pursuant to section 12-43.3-403, C.R.S.

E. Packaging Processed Medical Marijuana. Processed Medical Marijuana plants shall be packaged in units of ten pounds or less and labeled pursuant to Rule M 1002 - Labeling Requirements: General Requirements or Rules M 1000-1 – Labeling, Packaging, and Product Safety et. seq. and securely sealed in a tamper-evident manner.

1. The packages must be transported to the receiving Medical Marijuana Business within 7 days of receiving notification that the Harvest Batch from the processed Medical Marijuana passed required testing, and recorded as inventory at the receiving Medical Marijuana Business.

2. In the event that the Harvest Batch from the processed Medical Marijuana does not pass required testing, the Licensee shall follow the procedures in rule M 1507 for the Harvest Batch. If the Harvest Batch ultimately passes required testing, then the packages of Medical Marijuana associated with the Harvest Batch must be transported to the Medical Marijuana Business within 7 days of receiving notification that the Harvest Batch passed the additional round of testing, and recorded as inventory at the receiving Medical Marijuana Business.

F. Authorized Marijuana Transport. A Medical Marijuana Optional Premises Cultivation is authorized to utilize a licensed Medical Marijuana Transporter for transportation of its Medical Marijuana so long as the place where transportation orders are taken and delivered is a licensed Medical Marijuana Business. Nothing in this rule prevents a Medical Marijuana Optional Premises Cultivation from transporting its own Medical Marijuana.
Marijuana Enforcement Division

G. A Medical Marijuana Optional Premises Cultivation may compensate its employees using performance-based incentives.

H. Authorized Sources of Medical Marijuana Seeds and Immature Plants. A Medical Marijuana Optional Premises Cultivation Operation shall only obtain Medical Marijuana seeds or Immature Plants from its own Medical Marijuana or from another Medical Marijuana Business as long as there is first a documented point of sale transaction at that Optional Premises Cultivation Operation’s designated Medical Marijuana Center or Medical Marijuana-Infused Products Manufacturer.

Basis and Purpose – M 502

The statutory authority for this rule is found at subsections 12-43.3-103(2)(b), 12-43.3-202(1)(b)(I), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), and 12-43.3-202(2)(a)(XX), and sections 12-43.3-310, 12-43.3-402, 12-43.3-403 and 12-43.3-406, 12-43.3-201, C.R.S. The purpose of this rule is to clarify what activity is or is not allowed at an Optional Premises Cultivation Operation.

M 502 – Medical Marijuana Optional Premises Cultivation Operation: General Limitations or Prohibited Acts

A. Transfer Restriction. An Optional Premises Cultivation Operation may only Transfer Medical Marijuana to its commonly-owned Medical Marijuana Center or to a Medical Marijuana-Infused Products Manufacturer.

B. Packaging and Labeling Standards Required. An Optional Premises Cultivation Operation is prohibited from selling Medical Marijuana that is not packaged and labeled in accordance with these rules. See Rules M 1001.5 et. seq. – Labeling, Packaging and Product Safety and Rules M 1000-1 et. seq. – Labeling, Packaging and Product Safety.

C. Sale to Patient Prohibited. An Optional Premises Cultivation Operation is prohibited from selling Medical Marijuana to a patient.

D. Consumption Prohibited. An Optional Premises Cultivation Operation shall not permit the consumption of marijuana or marijuana products on its Licensed Premises.

E. Sales and Gifts to Transporters Prohibited. A Medical Marijuana Optional Premises Cultivation shall not sell or give away Medical Marijuana or Medical Marijuana-Infused Product to a Medical Marijuana Transporter, and shall not buy or receive complimentary Medical Marijuana or MedicalMarijuana Infused Product from a Medical Marijuana Transporter.

F. Inventory Limit. An Optional Premises Cultivation Operation shall not possess more plants than its commonly-owned Medical Marijuana Center is authorized to possess. See Rule M 403(A.5) – Medical Marijuana Sales: General Limitations or Prohibited Acts.

Basis and Purpose – M 504

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XII), 12-43.3-202(2)(a)(XV), and 12-43.3-202(2)(a)(XX), C.R.S. The purpose of this rule is to establish minimum health and safety regulation for Optional Premises Cultivation Operations. The rule prohibits an Optional Premises Cultivation Operation from treating or otherwise adulterating Medical Marijuana with any chemical or other compound whatsoever to alter its color, appearance, weight or smell. This rule also authorizes the State Licensing Authority to require an independent consultant conduct an independent
health and sanitary audit of an Optional Premises Cultivation Operation. This rule explains when an independent health and sanitary audit may be deemed necessary and sets forth possible consequences of a Medical Marijuana Business’s refusal to cooperate or pay for the audit. The State Licensing Authority intends this rule to help maintain the integrity of Colorado’s Medical Marijuana Businesses.

M 504 – Optional Premises Cultivation Operation: Health and Safety Regulations

A. Local Safety Inspections. An Optional Premises Cultivation Operation may be subject to inspection of its Licensed Premises by the local fire department, building inspector, or code enforcement officer to confirm that no health or safety concerns are present. The inspection could result in additional specific standards to meet local licensing authority restrictions related to Medical Marijuana or other local businesses. An annual fire safety inspection may result in the required installation of fire suppression devices, or other means necessary for adequate fire safety.

B. General Sanitary Requirements. An Optional Premises Cultivation Operation shall take all reasonable measures and precautions to ensure the following:

1. That any person who, by medical examination or supervisory observation, is shown to have, or appears to have, an illness, open lesion, including boils, sores, or infected wounds, or any other abnormal source of microbial contamination for whom there is a reasonable possibility of contact with Medical Marijuana shall be excluded from any operations which may be expected to result in such contamination until the condition is corrected;

2. That all persons working in direct contact with Medical Marijuana shall conform to hygienic practices while on duty, including but not limited to:
   a. Maintaining adequate personal cleanliness;
   b. Washing hands thoroughly in an adequate hand-washing area(s) before starting work and at any other time when the hands may have become soiled or contaminated;
   c. Hand-washing facilities shall be adequate and convenient and be furnished with running water at a suitable temperature. Hand-washing facilities shall be located in the Licensed Premises and where good sanitary practices require employees to wash and/or sanitize their hands, and provide effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying devices; and
   d. Refraining from having direct contact with Medical Marijuana if the person has or may have an illness, open lesion, including boils, sores, or infected wounds, or any other abnormal source of microbial contamination, until such condition is corrected.

3. That litter and waste are properly removed and the operating systems for waste disposal are maintained in an adequate manner so that they do not constitute a source of contamination in areas where Medical Marijuana is exposed;

4. That floors, walls, and ceilings are constructed in such a manner that they may be adequately cleaned and kept clean and kept in good repair;

5. That there is adequate lighting in all areas where Medical Marijuana is stored and where equipment or utensils are cleaned;
6. That the Licensee provides adequate screening or other protection against the entry of pests. Rubbish shall be disposed of so as to minimize the development of odor and minimize the potential for the waste becoming an attractant, harborage, or breeding place for pests;

7. That any buildings, fixtures, and other facilities are maintained in a sanitary condition;

8. That toxic cleaning compounds, sanitizing agents, and solvents shall be identified, held, stored and disposed of in a manner that protects against contamination of Medical Marijuana or Medical Marijuana Concentrate, and in a manner that is in accordance with any applicable local, state, or federal law, rule, regulation or ordinance. All Pesticide must be stored and disposed of in accordance with the information provided on the product’s label;

9. That all contact surfaces, including utensils and equipment used for the preparation of Medical Marijuana or Medical Marijuana Concentrate shall be cleaned and sanitized as frequently as necessary to protect against contamination. Equipment and utensils shall be so designed and of such material and workmanship as to be adequately cleanable, and shall be properly maintained. Only sanitizers and disinfectants registered with the Environmental Protection Agency shall be used in an Optional Premises Cultivation Operation and used in accordance with labeled instructions;

10. That the water supply shall be sufficient for the operations intended and shall be derived from a source that is a regulated water system. Private water supplies shall be derived from a water source that is capable of providing a safe, potable, and adequate supply of water to meet the Licensed Premises needs. Reclaimed water may also be used subject to approval of the Water Quality Control Division and local water provider;

11. That plumbing shall be of adequate size and design and adequately installed and maintained to carry sufficient quantities of water to required locations throughout the plant and that shall properly convey sewage and liquid disposable waste from the Licensed Premises. There shall be no cross-connections between the potable water, reclaimed water and waste water lines;

12. That all operations in the receiving, inspecting, transporting, segregating, preparing, manufacturing, packaging, and storing of Medical Marijuana or Medical Marijuana-Infused Product shall be conducted in accordance with adequate sanitation principles;

13. That each Optional Premises Cultivation Operation shall provide its employees with adequate and readily accessible toilet facilities that are maintained in a sanitary condition and good repair; and

14. That Medical Marijuana that can support the rapid growth of undesirable microorganisms shall be held in a manner that prevents the growth of these microorganisms.

C. Pesticide Application. An Optional Premises Cultivation Operation may only use Pesticide in accordance with the “Pesticide Act” sections 35-9-101 et seq., C.R.S., the “Pesticides Applicators’ Act,” sections 35-10-101 et seq., C.R.S., and all other applicable federal, state, and local laws, statutes, rules and regulations. This includes, but shall not be limited to, the prohibition on detaching, altering, defacing or destroying, in whole or in part, any label on any Pesticide.

D. Application of Other Agricultural Chemicals. An Optional Premises Cultivation Operation may only use agricultural chemicals, other than Pesticide, in accordance with all applicable federal, state, and local laws, statutes, rules and regulations.
E. Required Documentation

1. **Standard Operating Procedures.** An Optional Premises Cultivation Operation must establish written standard operating procedures for the cultivation, harvest, drying, curing, packaging and storing of Medical Marijuana. The standard operating procedures must also include when, and the manner in which, all Pesticide and other agricultural chemicals are to be applied during its cultivation process. A copy of all standard operating procedures must be maintained on the Licensed Premises of the Optional Premises Cultivation Operation.

2. **Material Change.** If an Optional Premises Cultivation Operation makes a Material Change to its cultivation procedures, it must document the change and revise its standard operating procedures accordingly. Records detailing the Material Change must be maintained on the relevant Licensed Premises.

3. **Material Safety Data Sheet.** An Optional Premises Cultivation Operation must obtain a material safety data sheet for any Pesticide or other agricultural chemical used or stored on its Licensed Premises. An Optional Premises Cultivation Operation must maintain a current copy of the material safety data sheet for any Pesticide or other agricultural chemical on the Licensed Premises where the product is used or stored.

4. **Labels of Pesticide and Other Agricultural Chemicals.** An Optional Premises Cultivation Operation must have the original label or a copy thereof at its Licensed Premises for all Pesticide and other agricultural chemicals used during its cultivation process.

5. **Pesticide Application Documentation.** An Optional Premises Cultivation Operation that applies any Pesticide or other agricultural chemical to any portion of a Medical Marijuana plant, water or feed used during cultivation or generally within the Licensed Premises must document, and maintain a record on its Licensed Premises of, the following information:
   
   a. The name, signature and Occupational License number of the individual who applied the Pesticide or other agricultural chemical;
   
   b. Applicator certification number if the applicator is licensed through the Department of Agriculture in accordance with the "Pesticides Applicators' Act," sections 35-10-101 et seq., C.R.S.;
   
   c. The date and time of the application;
   
   d. The EPA registration number of the Pesticide or CAS number of any other agricultural chemical(s) applied;
   
   e. Any of the active ingredients of the Pesticide or other agricultural chemical(s) applied;
   
   f. Brand name and product name of the Pesticide or other agricultural chemical(s) applied;
   
   g. The restricted entry interval from the product label of any Pesticide or other agricultural chemical(s) applied;
h. The RFID tag number of the Medical Marijuana plant(s) that the Pesticide or other agricultural chemical(s) was applied to or if applied to all plants throughout the Licensed Premises, a statement to that effect; and
i. The total amount of each Pesticide or other agricultural chemical applied.

F. Prohibited Chemicals. The following chemicals shall not be used in Medical Marijuana cultivation. Possession of chemicals and/or containers from these chemicals upon the Licensed Premises shall be a violation of this rule. Prohibited chemicals are:

<table>
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<tr>
<th>Chemical Name</th>
<th>CAS Registry Number (or EDF Substance ID)</th>
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<tbody>
<tr>
<td>ALDRIN</td>
<td>309-00-2</td>
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<td>ARSENIC OXIDE (3)</td>
<td>1327-53-3</td>
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<td>ASBESTOS (FRIABLE)</td>
<td>1332-21-4</td>
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<td>AZODRIN</td>
<td>6923-22-4</td>
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<td>1,4-BENZOQUINONE, 2,3,5,6-TETRACHLORO-</td>
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<td>BINAPACRYL</td>
<td>485-31-4</td>
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<td>CADMIUM COMPOUNDS</td>
<td>CAE750</td>
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<tr>
<td>CALCIUM ARSENATE [2ASH3O4.2CA]</td>
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CAMPHECHLOR
8001-35-2

CAPTAFOL
2425-06-1

CARBOFURAN
1563-66-2

CARBON TETRACHLORIDE
56-23-5

CHLORDANE
57-74-9

CHLORDECON (KEPONE)
143-50-0

CHLORDIMEFORM
6164-98-3

CHLOROBENZILATE
510-15-6

CHLOROMETHOXYPROPYLMERCURIC ACETATE [CPMA] EDF-183

COPPER ARSENATE
10103-61-4

2,4-D, ISOOCTYL ESTER
25168-26-7

DAMINOZIDE
1596-84-5

DDD
72-54-8

DDT
50-29-3

DI(PHENYLMERCURY)DODECENYL SUCCINATE (PMDS) EDF-187

1,2-DIBROMO-3-CHLOROPROPANE (DBCP)
96-12-8

1,2-DIBROMOETHANE
106-93-4

1,2-DICHLOROETHANE
107-06-2

DIELDRIN
60-57-1

4,6-DINITRO-O-CRESOL
534-52-1

DINITROBUTYL PHENOL
88-85-7

ENDRIN
72-20-8

EPN
2104-64-5

ETHYLENE OXIDE
75-21-8

FLUOROACETAMIDE
640-19-7

GAMMA-LINDANE
58-89-9

HEPTACHLOR
76-44-8
HEXACHLOROBENZENE
118-74-1

1,2,3,4,5,6-HEXACHLOROCYCLOHEXANE (MIXTURE OF ISOMERS)
608-73-1

1,3-HEXANEDIOL, 2-ETHYL-
94-96-2

LEAD ARSENATE
7784-40-9

LEPTOPHOS
21609-90-5

MERCURY
7439-97-6

METHAMIDOPHOS
10265-92-6

METHYL PARATHION
298-00-0

MEVINPHOS
7786-34-7

MIREX
2385-85-5

NITROFEN
1836-75-5

OCTAMETHYLDIPHOSPHORAMIDE
152-16-9

PARATHION
56-38-2

PENTACHLOROPHENOL
87-86-5
PHENYLMERCURIC OLEATE [PMO]
EDF-185
PHOSPHAMIDON
13171-21-6
PYRIMINIL
53558-25-1
SAFROLE
94-59-7
SODIUM ARSENATE
13464-38-5
SODIUM ARSENITE
7784-46-5
2,4,5-T
93-76-5
TERPENE POLYCHLORINATES (STROBANE6)
8001-50-1
THALLIUM(I) SULFATE
7446-18-6
2,4,5-TP ACID (SILVEX)
93-72-1
TRIBUTYLtin COMPOUNDS
EDF-184
2,4,5-TRICHLOROPHENOL
95-95-4
VINYL CHLORIDE
75-01-4
G. The use of Dimethylsulfoxide (DMSO) in the production of Medical Marijuana shall be prohibited and possession of DMSO upon the Licensed Premises is prohibited.

H. Adulterants. An Optional Premises Cultivation Operation may not treat or otherwise adulterate Medical Marijuana with any chemical or other compound whatsoever to alter its color, appearance, weight or smell.

I. Independent Health and Sanitary Audit

1. State Licensing Authority May Require A Health and Sanitary Audit
   a. When the State Licensing Authority determines a health and sanitary audit by an independent consultant is necessary, it may require an Optional Premises Cultivation Operation to undergo such an audit. The scope of the audit may include, but need not be limited, to whether the Optional Premises Cultivation Operation is in compliance with the requirements set forth in this rule and other applicable public health or sanitary laws and regulations.
   b. In such instances, the Division may attempt to mutually agree upon the selection of the independent consultant with an Optional Premises Cultivation Operation. However, the Division always retains the authority to select the independent consultant regardless of whether mutual agreement can be reached.
   c. The Optional Premises Cultivation Operation will be responsible for all costs associated with the independent health and sanitary audit.

2. When Independent Health and Sanitary Audit Is Necessary. The State Licensing Authority has discretion to determine when an audit by an independent consultant is necessary. The following is a non-exhaustive list of examples that may justify an independent audit:
   a. An Optional Premises Cultivation Operation does not provide requested records related to the use of Pesticide or other agricultural chemicals during the cultivation process;
   b. The Division has reasonable grounds to believe that the Optional Premises Cultivation Operation is in violation of one or more of the requirements set forth in this rule or other applicable public health or sanitary laws, rules or regulations;
   c. The Division has reasonable grounds to believe that the Optional Premises Cultivation Operation was the cause or source of contamination of Medical Marijuana or Medical Marijuana Concentrate; or
   d. Multiple Harvest Batches or Production Batches produced by the Optional Premises Cultivation Operation failed contaminant testing.

3. Compliance Required. An Optional Premises Cultivation Operation must pay for and timely cooperate with the State Licensing Authority’s requirement that it undergo an independent health and sanitary audit in accordance with this rule.

4. Suspension of Operations
   a. If the State Licensing Authority has objective and reasonable grounds to believe and finds upon reasonable ascertainment of the underlying facts that the public
health, safety or welfare imperatively requires emergency action and incorporates such findings into its order, it may order summary suspension of the Optional Premises Cultivation Operation’s license. See Rule M 1302 – Disciplinary Process: Summary Suspensions.

b. Prior to or following the issuance of such an order, Optional Premises Cultivation Operation may attempt to come to a mutual agreement with the Division to suspend its operations until the completion of the independent audit and the implementation of any required remedial measures.

i. If an agreement cannot be reached or the State Licensing Authority, in its sole discretion, determines that such an agreement is not in the best interests of the public health, safety or welfare, then the State Licensing Authority will promptly institute license suspension or revocation procedures. See Rule M 1302 – Disciplinary Process: Summary Suspensions.

ii. If an agreement to suspend operations is reached, then the Optional Premises Cultivation Operation may continue to care for its inventory and conduct any necessary internal business operations but it may not Transfer Medical Marijuana or Medical Marijuana Concentrate to other Medical Marijuana Business during the period of time specified in the agreement.

J. Violation Affecting Public Safety. Failure to comply with this rule may constitute a license violation affecting public safety.

Basis and Purpose – M 505

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XII), 12-43.3-202(2)(a)(XX), 12-43.3-202(2.5)(a)(I)(A-F), 12-43.3-402(6), and 12-43.3-404(10), C.R.S. The purpose of this rule is to permit laboratory testing of Medical Marijuana and establish minimum health and safety regulation for Optional Premises Cultivation Operation. The State Licensing Authority intends this rule to help maintain the integrity of Colorado’s Medical Marijuana Businesses.

Basis and Purpose – M 506

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XII), 12-43.3-202(2)(a)(XV), 12-43.3-202(2)(a)(XX), and 12-43.3-202(2.5)(a)(1)(A) through (F), C.R.S. The purpose of this rule is to establish the categories of Medical Marijuana Concentrate that may be produced at an Optional Premises Cultivation Operation and standards for the production of those concentrate.

M 506 – Optional Premises Cultivation Operation: Medical Marijuana Concentrate Production

A. Permitted Production of Certain Categories of Medical Marijuana Concentrate. An Optional Premises Cultivation Operation may only produce Water-Based Medical Marijuana Concentrate on its Licensed Premises and only in an area clearly designated for concentrate production on the current diagram of the Licensed Premises. See Rule M 901- Business Records Required. No other method of production or extraction for Medical Marijuana Concentrate may be conducted within the Licensed Premises of an Optional Premises Cultivation Operation unless the Owner(s) of the Optional Premises Cultivation Operation also has a valid Medical Marijuana-Infused Products Manufacturer license and the room in which Medical Marijuana Concentrate is to be produced is physically separated from all cultivation areas and has clear signage identifying the room.
B. Safety and Sanitary Requirements for Concentrate Production. If an Optional Premises Cultivation Operation produces Water-Based Medical Marijuana Concentrate, then all areas in which those concentrate are produced and all Owners and Occupational Licensees engaged in the production of those concentrate shall be subject to all of requirements imposed upon a Medical Marijuana-Infused Products Manufacturer that produces Medical Marijuana Concentrate, including general requirements. See Rule M 604 – Medical Marijuana-Infused Products Manufacturer: Health and Safety Regulations and Rule M 605 Medical Marijuana-Infused Products Manufacturer: Medical Marijuana Concentrate Production.

C. Possession of Other Categories of Medical Marijuana Concentrate.

1. It shall be considered a violation of this rule if an Optional Premises Cultivation Operation possesses a Medical Marijuana Concentrate other than a Water-Based Medical Marijuana Concentrate on its Licensed Premises unless the Owner(s) of the Optional Premises Cultivation Operation also has a valid Medical Marijuana-Infused Products Manufacturer license.

2. Notwithstanding subparagraph (C)(1) of this rule M 505, an Optional Premises Cultivation Operation shall be permitted to possess Solvent-Based Medical Marijuana Concentrate only when the possession is due to the Transfer of Medical Marijuana flower or trim that failed microbial testing to a Medical Marijuana-Infused Products Manufacturing Facility for processing into a Solvent-Based Medical Marijuana Concentrate, and the Medical Marijuana-Infused Products Manufacturing Facility Transfers the resultant Solvent-Based Medical Marijuana Concentrate back to the originating Optional Premises Cultivation Operation.

   a. The Optional Premises Cultivation Operation shall comply with all requirements in rule M 1507(B.1) when having Solvent-Based Medical Marijuana Concentrate manufactured out of Medical Marijuana flower or trim that failed microbial testing.

   b. The Optional Premises Cultivation Operation is responsible for submitting the Solvent-Based Medical Marijuana Concentrate for all required testing for contaminants pursuant to rule M 1501 – Medical Marijuana Testing Program – Contaminant Testing, for potency pursuant to rule M 1503 – Medical Marijuana Testing Program – Potency Testing, and any other testing required or allowed by the Medical Marijuana Rules or Medical Marijuana Code.
M 600 Series – Medical Marijuana-Infused Products Manufacturers

Basis and Purpose – M 601

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I) and 12-43.3-202(2)(a)(XX), 12-43.3-202(2.5)(a)(A-F), 12-43.3-406(1)(c), and 12-43.3-406(4)(b), and section 12-43.3-404, C.R.S. The purpose of this rule is to establish that it is unlawful for a Medical Marijuana-Infused Products Manufacturer to exercise any privileges other than those granted by the State Licensing Authority and to clarify the license privileges.

M 601 – Medical Marijuana-Infused Products Manufacturer: License Privileges

A. Privileges Granted. A Medical Marijuana-Infused Products Manufacturer shall only exercise those privileges granted to it by the State Licensing Authority.

B. Licensed Premises. A separate license is required for each specific business or business entity and geographical location. A Retail Marijuana Products Manufacturing Facility may share a location with a commonly owned Medical Marijuana-Infused Products Manufacturer. However, a separate license is required for each specific business or business entity, regardless of geographical location.

C. Transfer Restricted. A Medical Marijuana-Infused Products Manufacturer may Transfer: (1) its own Medical Marijuana-Infused Product to Medical Marijuana Centers or another Medical Marijuana-Infused Products Manufacturer, (2) Medical Marijuana that was not cultivated at its own Optional Premises Cultivation to another Medical Marijuana-Infused Products Manufacturer, and (3) Medical Marijuana Concentrate to a Medical Marijuana Center or another Medical Marijuana-Infused Products Manufacturer.

D. Manufacture of Medical Marijuana-Infused Product Authorized. A Medical Marijuana-Infused Products Manufacturer may manufacture, prepare, package, and label Medical Marijuana-Infused Product, whether in concentrated form or that are comprised of Medical Marijuana and other ingredients intended for use or consumption, such as edible products, ointments, or tinctures.

E. Location Prohibited. A Medical Marijuana-Infused Products Manufacturer may not manufacture, prepare, package, store, or label Medical Marijuana-Infused Product in a location that is operating as a retail food establishment or a wholesale food registrant.

F. Samples Provided for Testing.

1. This rule M 601(F)(1) is repealed effective July 1, 2016. A Medical Marijuana-Infused Products Manufacturer may provide samples of its Medical Marijuana-Infused Product to Medical Marijuana Centers or another Medical Marijuana-Infused Products Manufacturer for testing and research purposes. The Medical Marijuana-Infused Products Manufacturer shall maintain the testing results as part of its business books and records. See Rule M 901 – Business Records Required.

1.5. This rule M 601(F)(1.5) is effective beginning July 1, 2016. A Medical Marijuana-Infused Products Manufacturer may provide samples of its Medical Marijuana-Infused Product to a Medical Marijuana Testing Facility for testing and research purposes. The Medical Marijuana-Infused Products Manufacturer shall maintain the testing results as part of its business books and records. See Rule M 901 – Business Records Required.

G. Authorized Marijuana Transport. A Medical Marijuana-Infused Products Manufacturer is authorized to utilize a licensed Medical Marijuana Transporter for transportation of its Medical
Marijuana-Infused Product so long as the place where transportation orders are taken and delivered is a licensed Medical Marijuana Business. Nothing in this rule prevents a Medical Marijuana-Infused Products Manufacturer from transporting its own Medical Marijuana.

H. A Medical Marijuana-Infused Products Manufacturer may compensate its employees using performance-based incentives.

Basis and Purpose – M 602

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XVII.6) and (XX), 12-43.3-404(3), and 12-43.3-406(1)(a) C.R.S. The Medical Code sets forth minimum requirements for written agreements between Medical Marijuana-Infused Products Manufacturers and Medical Marijuana Centers. Specifically, the written agreements must set forth the total amount of Medical Marijuana obtained from a Medical Marijuana Center licensee to be used in the manufacturing process, and the total amount of Medical Marijuana-Infused Product to be manufactured from the Medical Marijuana obtained from the Medical Marijuana Center. This rule clarifies that the Division must approve such written agreements to ensure they meet those requirements.

M 602 – Medical Marijuana-Infused Products Manufacturer: General Limitations or Prohibited Acts

A. Contract Required. Any contract required pursuant to section 12-43.3-404(3), C.R.S., shall contain such minimum requirements as to form and substance as required by statute. All contracts need to be current and available for inspection on the Licensed Premises by the Division when requested. See Rule M 901 – Business Records and Reporting.

B. Packaging and Labeling Standards Required. A Medical Marijuana-Infused Products Manufacturer is prohibited from selling Medical Marijuana-Infused Product that are not properly packaged and labeled. See M 1000 Series – Labeling, Packaging, and Product Safety and M 1000.1 Series – Labeling, Packaging, and Product Safety.

C. Sale to Consumer Prohibited. A Medical Marijuana-Infused Products Manufacturer is prohibited from selling Medical Marijuana or Medical Marijuana-Infused Product to a consumer.

D. Consumption Prohibited. A Medical Marijuana-Infused Products Manufacturer shall not permit the consumption of marijuana or marijuana products on its Licensed Premises.

E. Adequate Care of Perishable Product. A Medical Marijuana-Infused Products Manufacturer must provide adequate refrigeration for perishable Medical Marijuana-Infused Product that will be consumed and shall utilize adequate storage facilities and transport methods.

F. Homogeneity of Edible Retail Marijuana Product. A Medical Marijuana-Infused Products Manufacturer must ensure that its manufacturing processes are designed so that the cannabinoid content of any Edible Medical Marijuana-Infused Product is homogenous.

G. A Medical Marijuana-Infused Products Manufacturer shall not sell or give away Medical Marijuana or Medical Marijuana-Infused Product to a Medical Marijuana Transporter, and shall not buy or receive complimentary Medical Marijuana or Medical Marijuana-Infused Product from a Medical Marijuana Transporter.

H. Cultivated Medical Marijuana Sales Prohibited. A Medical Marijuana-Infused Products Manufacturer that also has an Optional Premises Cultivation Operation shall not sell any Medical Marijuana that it cultivates except for the Medical Marijuana contained in its Medical Marijuana-Infused Products or Medical Marijuana Concentrate.
Basis and Purpose – M 603

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XVIII.6) and (XX), and 12-43.3-406(2) and section 12-43.3-404, C.R.S. The purpose of this rule is to require all Medical Marijuana-Infused Products Manufacturers to track all inventory from the point it is received, through any manufacturing processes, to the point of sale or transfer to another Medical Marijuana Business.

Basis and Purpose – M 604

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XII), 12-43.3-202(2)(a)(XIV), 12-43.3-202(2)(a)(XV), 12-43.3-202(2.5)(a)(I), 12-43.3-202(2.5)(a)(III)(A)&(B), and section 12-43.3-404, C.R.S. The purpose of this rule is to establish minimum health and safety regulations for Medical Marijuana-Infused Products Manufacturers. It requires all Owners and Occupational Licensees to attend a food handler training course prior to manufacturing any Edible Medical Marijuana Product. This rule also authorizes the State Licensing Authority to require that an independent consultant conduct an independent food safety audit of a Medical Marijuana Infused-Products Manufacturing Facility. This rule explains when an independent food safety audit may be deemed necessary and sets forth possible consequences of a Medical Marijuana-Infused Products Manufacture’s refusal to cooperate or pay for the audit. It sets forth general standards and basic sanitary requirements for Medical Marijuana-Infused Products Manufacturers. It covers the physical premises where the products are made as well as the individuals handling the products. The State Licensing Authority modeled this rule after those adopted by the Colorado Department of Public Health and Environment. The State Licensing Authority intends this rule to help maintain the integrity of Colorado’s Medical Marijuana Businesses and the safety of the public. Product safety requirements are being adopted to aid in making Medical Marijuana-Infused Products more readily identifiable to the general public outside of packaging as containing Medical Marijuana. While product safety requirements are stated in this rule, nothing in the requirements interferes with a manufacturer’s ability to determine portions for its products or to provide a mechanism with the product for accurately measuring a portion.

M 604 – Medical Marijuana-Infused Products Manufacturer: Health and Safety Regulations

A. Training

1. Prior to engaging in the manufacture of any Edible Medical Marijuana-Infused Product each Owner or Occupational Licensee must:

   a. Have a currently valid ServSafe Food Handler Certificate obtained through the successful completion of an online assessment or print exam; or

   b. Take a food safety course that includes basic food handling training and is comparable to, or is a course given by, the Colorado State University extension service or a state, county, or district public health agency, and must maintain a status of good standing in accordance with the course requirements, including attending any additional classes if necessary. Any course taken pursuant to this rule must last at least two hours and cover the following subjects:

      i. Causes of foodborne illness, highly susceptible populations and worker illness;

      ii. Personal hygiene and food handling practices;

      iii. Approved sources of food;
iv. Potentially hazardous foods and food temperatures;

v. Sanitization and chemical use; and

vi. Emergency procedures (fire, flood, sewer backup).

2. A Medical Marijuana-Infused Products Manufacturer must obtain documentation evidencing that each Owner or Occupational Licensee has successfully completed the examination or course required by this rule and is in good standing. A copy of the documentation must be kept on file at any Licensed Premises where that Owner or Occupational Licensee is engaged in the manufacturing of an Edible Medical Marijuana-Infused Product.

B. General Standards

1. A Medical Marijuana-Infused Products Manufacturer may be subject to inspection by the local fire department, building inspector, or code enforcement officer to confirm that no health or safety concerns are present. The inspection could result in additional specific standards to meet local jurisdiction restrictions related to Medical Marijuana. An annual fire safety inspection may result in the required installation of fire suppression devices, or other means necessary for adequate fire safety.

2. A Medical Marijuana-Infused Products Manufacturer that manufacturers Edible Medical Marijuana-Infused Product shall comply with all kitchen-related health and safety standards of the relevant local licensing authority and, to the extent applicable, with all Colorado Department of Public Health and Environment health and safety regulations applicable to retail food establishments, as set forth in 6 CCR 1010-2.

C. General Sanitary Requirements. The Licensee shall take all reasonable measures and precautions to ensure the following:

1. That any person who, by medical examination or supervisory observation, is shown to have, or appears to have, an illness, open lesion, including boils, sores, or infected wounds, or any other abnormal source of microbial contamination for whom there is a reasonable possibility of contact with preparation surfaces for Medical Marijuana or Medical Marijuana-Infused Product shall be excluded from any operations which may be expected to result in such contamination until the condition is corrected;

2. That hand-washing facilities shall be adequate and convenient and be furnished with running water at a suitable temperature. Hand-washing facilities shall be located in the Licensed Premises and/or in Medical Marijuana-Infused Product preparation areas and where good sanitary practices require employees to wash and/or sanitize their hands, and provide effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying devices;

3. That all persons working in direct contact with preparation of Medical Marijuana or Medical Marijuana-Infused Product shall conform to hygienic practices while on duty, including but not limited to:

   a. Maintaining adequate personal cleanliness;

   b. Washing hands thoroughly in an adequate hand-washing area(s) before starting work, prior to engaging in the production of a Medical Marijuana Concentrate or manufacture of a Medical Marijuana-Infused Product and at any other time when the hands may have become soiled or contaminated; and
c. Refraining from having direct contact with preparation of Medical Marijuana or Medical Marijuana-Infused Product if the person has or may have an illness, open lesion, including boils, sores, or infected wounds, or any other abnormal source of microbial contamination, until such condition is corrected.

4. That there is sufficient space for placement of equipment and storage of materials as is necessary for the maintenance of sanitary operations for production of Medical Marijuana or Medical Marijuana-Infused Product;

5. That litter and waste are properly removed and the operating systems for waste disposal are maintained in an adequate manner so that they do not constitute a source of contamination in areas where Medical Marijuana or Medical Marijuana-Infused Product are exposed;

6. That floors, walls, and ceilings are constructed in such a manner that they may be adequately cleaned and kept clean and kept in good repair;

7. That there is adequate safety-type lighting in all areas where Medical Marijuana or Medical Marijuana-Infused Product are processed or stored and where equipment or utensils are cleaned;

8. That the Licensed Premises provides adequate screening or other protection against the entry of pests. Rubbish shall be disposed of so as to minimize the development of odor and minimize the potential for the waste becoming an attractant, harborage, or breeding place for pests;

9. That any buildings, fixtures, and other facilities are maintained in a sanitary condition;

10. That all contact surfaces, including utensils and equipment used for the preparation of Medical Marijuana, Medical Marijuana Concentrate or Medical Marijuana-Infused Product, shall be cleaned and sanitized as frequently as necessary to protect against contamination. Equipment and utensils shall be so designed and of such material and workmanship as to be adequately cleanable, and shall be properly maintained. Only sanitizers and disinfectants registered with the Environmental Protection Agency shall be used in a Medical Marijuana-Infused Products Manufacturer and used in accordance with labeled instructions;

11. That toxic cleaning compounds, sanitizing agents, solvents used in the production of Medical Marijuana Concentrate and other chemicals shall be identified, held, stored and disposed of in a manner that protects against contamination of Medical Marijuana, Medical Marijuana Concentrate or Medical Marijuana-Infused Product, and in a manner that is in accordance with any applicable local, state, or federal law, rule, regulation or ordinance;

12. That the water supply shall be sufficient for the operations intended and shall be derived from a source that is a regulated water system. Private water supplies shall be derived from a water source that is capable of providing a safe, potable, and adequate supply of water to meet the Licensed Premises needs;

13. That plumbing shall be of adequate size and design and adequately installed and maintained to carry sufficient quantities of water to required locations throughout the plant and that shall properly convey sewage and liquid disposable waste from the Licensed Premises. There shall be no cross-connections between the potable and waste water lines;
14. That each Medical Marijuana-Infused Products Manufacturer shall provide its employees with adequate and readily accessible toilet facilities that are maintained in a sanitary condition and good repair;

15. That all operations in the receiving, inspecting, transporting, segregating, preparing, manufacturing, packaging, and storing of Medical Marijuana or Medical Marijuana-Infused Product shall be conducted in accordance with adequate sanitation principles;

16. That Medical Marijuana or Medical Marijuana-Infused Product that can support the rapid growth of undesirable microorganisms shall be held in a manner that prevents the growth of these microorganisms; and

17. That storage and transport of finished Medical Marijuana-Infused Product shall be under conditions that will protect products against physical, chemical, and microbial contamination as well as against deterioration of any container.

C.5. Product Safety.

Paragraph (C.5) is effective beginning October 1, 2016.

1. A Medical Marijuana-Infused Products Manufacturer that manufactures Edible Medical Marijuana-Infused Product shall create and maintain standard production procedures and detailed manufacturing processes for each Edible Medical Marijuana-Infused Product it manufactures. These procedures and processes must be documented and made available on the Licensed Premises for inspection by the Division, the Colorado Department of Public Health & Environment, and local licensing authorities.

2. A Medical Marijuana-Infused Products Manufacturer may determine a standard portion of THC for each Edible Medical Marijuana-Infused Product it manufactures. If a Medical Marijuana-Infused Products Manufacturer determines a standard portion for an Edible Medical Marijuana-Infused Product, that information must be documented in the product’s standard production procedure.

3. For each Edible Medical Marijuana-Infused Product, the total amount of active THC contained within the product must be documented in the standard production procedures.

4. Universal Symbol Marking Requirements.
   a. The following categories of Edible Medical Marijuana-Infused Products shall be marked, stamped, or otherwise imprinted with the Universal Symbol directly on the Medical Marijuana-Infused Product in a manner to cause the Universal Symbol to be distinguishable and easily recognizable.
      i. Chocolate
      ii. Soft confections
      iii. Hard confections or lozenges
      iv. Consolidated baked goods (e.g. cookie, brownie, cupcake, granola bar)
      v. Pressed pills and capsules
   b. The Universal Symbol marking shall:
i. Be marked, stamped, or otherwise imprinted on at least one side of the Edible Medical Marijuana-Infused Product;

ii. Be centered either horizontally or vertically on the Edible Medical Marijuana-Infused Product; and

iii. If centered horizontally on the Edible Medical Marijuana-Infused Product, the height and width of the Universal Symbol shall be of a size that is at least 25% of the product’s width, but not less than ¼ inch by ¼ inch; or

iv. If centered vertically on the Edible Medical Marijuana-Infused Product, the height and width of the Universal Symbol shall be of a size that is at least 25% of the product’s height, but not less than ¼ inch by ¼ inch.

c. If a Medical Marijuana-Infused Products Manufacturer elects to determine portions for an Edible Medical Marijuana-Infused Product, then the Universal Symbol shall be applied to each portion in accordance with the requirements of subsubparagraph (C.5)(4)(b) of this rule M 604. Except that the size of the Universal Symbol marking shall be determined by the size of the portion instead of the overall product size, and shall not be less than ¼” by ¼”.

d. Edible Medical Marijuana-Infused Products that are liquids, loose bulk goods (e.g. granola, cereals, popcorn), or powders, are exempt from the Universal Symbol marking requirements provided that they comply with the labeling and Container requirements of rule M 1004.5 – Packaging and Labeling Requirements of a Medical Marijuana Infused-Product by a Medical Marijuana Infused Products Manufacturer or R 1008-1 – Additional Packaging Requirements – Edible Retail Marijuana Products.

5. Remanufactured Products Prohibited. A Medical Marijuana-Infused Products Manufacturer shall not utilize a commercially manufactured food product as its Edible Medical Marijuana-Infused Product. The following exceptions to this prohibition apply:

a. A food product that was commercially manufactured specifically for use by the Medical Marijuana-Infused Products Manufacturer Licensee to infuse with marijuana shall be allowed. The Licensee shall have a written agreement with the commercial food product manufacturer that declares the food product’s exclusive use by the Medical Marijuana-Infused Products Manufacturer.

b. Commercially manufactured food products may be used as ingredients in a Medical Marijuana-Infused Products Manufacturer’s Edible Medical Marijuana-Infused Product so long as: (1) they are used in a way that renders them unrecognizable as the commercial food product in the final Edible Medical Marijuana-Infused Product, and (2) the Medical Marijuana-Infused Products Manufacturer does not state or advertise to the consumer that the final Edible Medical Marijuana-Infused Product contains the commercially manufactured food product.

6. Trademarked Food Products. Nothing in this rule alters or eliminates a Medical Marijuana-Infused Products Manufacturer’s responsibility to comply with the trademarked food product provisions required by the Medical Code per 12-43.3-404(11)(a-c), C.R.S.

7. Edibles Prohibited that are Shaped like a Human, Animal, or Fruit. This subparagraph (C.5)(7) is effective beginning October 1, 2017.
a. The production, sale, and donation of Edible Medical Marijuana-Infused Products in the following shapes is prohibited:
   i. The distinct shape of a human, animal, or fruit; or
   ii. A shape that bears the likeness or contains characteristics of a realistic or fictional human, animal, or fruit, including artistic, caricature, or cartoon renderings.

b. The prohibition on human, animal, and fruit shapes does not apply to the logo of a licensed Medical Marijuana Business. Nothing in this subsubparagraph (C.5)(7)(b) alters or eliminates a Licensee’s obligation to comply with the requirements of rule M 1001.5 – Labeling and Packaging Requirements: General Applicability or R 1000-1 Series – Labeling, Packaging, and Product Safety.

c. Edible Medical Marijuana-Infused Products that are geometric shapes and simply fruit flavored are not considered fruit and are permissible; and

d. Edible Medical Marijuana-Infused Products that are manufactured in the shape of a marijuana leaf are permissible.

D. Standard Operating Procedures

1. A Medical Marijuana-Infused Products Manufacturer must have written standard operating procedures for each category of Medical Marijuana Concentrate and type of Medical Marijuana-Infused Product that it produces.
   a. All standard operating procedures for the production of a Medical Marijuana Concentrate must follow the requirements in Rule M 605.
   b. A copy of all standard operating procedures must be maintained on the Licensed Premises of the Medical Marijuana-Infused Products Manufacturer.

2. If a Medical Marijuana-Infused Products Manufacturer makes a Material Change to its standard Medical Marijuana Concentrate or Medical Marijuana-Infused Product production process, it must document the change and revise its standard operating procedures accordingly. Records detailing the Material Change must be maintained on the relevant Licensed Premises.

E. Additives. A Medical Marijuana-Infused Products Manufacturer shall not include any Additive that is toxic within a Medical Marijuana-Infused Product; nor include any Additive for the purposes of making the product more addictive, appealing to children or misleading to patients.

F. DMSO. The use of Dimethylsulfoxide (“DMSO”) in the production of Medical Marijuana Concentrate or Medical Marijuana-Infused Product shall be prohibited and possession of DMSO upon the Licensed Premises is prohibited.

G. Independent Health and Sanitary Audit

1. State Licensing Authority May Require An Independent Health and Sanitary Audit
   a. When the State Licensing Authority determines a health and sanitary audit by an independent consultant is necessary, it may require a Medical Marijuana-Infused Products Manufacturer to undergo such an audit. The scope of the audit may include, but need not be limited, to whether the Medical Marijuana-Infused
Products Manufacturer is in compliance with the requirements set forth in this rule or other applicable food handling laws, rules or regulations and in compliance with the concentrate production rules in Rule M 605 or other applicable laws, rules and regulations.

b. In such instances, the Division may attempt to mutually agree upon the selection of the independent consultant with a Medical Marijuana-Infused Products Manufacturer. However, the Division always retains the authority to select the independent consultant regardless of whether mutual agreement can be reached.

c. The Medical Marijuana-Infused Products Manufacturer will be responsible for all direct costs associated with the independent health and sanitary audit.

2. When Independent Health and Sanitary Audit Is Necessary. The State Licensing Authority has discretion to determine when an audit by an independent consultant is necessary. The following is a non-exhaustive list of examples that may justify an independent audit:

a. A Medical Marijuana-Infused Products Manufacturer does not provide requested records related to the food handling training required for Owners and Occupational Licensees engaged in the production of Edible Medical Marijuana-Infused Products to the Division;

b. A Medical Marijuana-Infused Products Manufacturer does not provide requested records related to the production of Medical Marijuana Concentrate, including but not limited to, certification of its Licensed Premises, equipment or standard operating procedures, training of Owners or employees, or Production Batch specific records;

c. The Division has reasonable grounds to believe that the Medical Marijuana-Infused Products Manufacturer is in violation of one or more of the requirements set forth in this rule or Rule M 605; or

d. The Division has reasonable grounds to believe that the Medical Marijuana-Infused Products Manufacturer was the cause or source of contamination of Medical Marijuana, Medical Marijuana Concentrate or Medical Marijuana-Infused Product; or

e. Multiple Production Batches of Medical Marijuana Concentrate or Medical Marijuana-Infused Product produced by the Medical Marijuana-Infused Products Manufacturer failed contaminant testing.

3. Compliance Required. A Medical Marijuana-Infused Products Manufacturer must pay for and timely cooperate with the State Licensing Authority’s requirement that it undergo an independent health and sanitary audit in accordance with this rule.

4. Suspension of Operations

a. If the State Licensing Authority has objective and reasonable grounds to believe and finds upon reasonable ascertainment of the underlying facts that the public health, safety or welfare imperatively requires emergency action and incorporates such findings into its order, it may order summary suspension of the Medical Marijuana-Infused Products Manufacturer’s license. See Rule M 1302 – Disciplinary Process: Summary Suspensions.
b. Prior to or following the issuance of such an order, the Medical Marijuana-Infused Products Manufacturer may attempt to come to a mutual agreement with the Division to suspend its operations until the completion of the independent audit and the implementation of any required remedial measures.

i. If an agreement cannot be reached or the State Licensing Authority, in its sole discretion, determines that such an agreement is not in the best interests of the public health, safety or welfare, then the State Licensing Authority will promptly institute license suspension or revocation procedures. See Rule M 1302 – Disciplinary Process: Summary Suspensions.

ii. If an agreement to suspend operations is reached, then the Medical Marijuana-Infused Products Manufacturer may continue to care for its inventory and conduct any necessary internal business operations but it may not Transfer or wholesale Medical Marijuana, Medical Marijuana Concentrate or Medical Marijuana-Infused Product to another Medical Marijuana Business during the period of time specified in the agreement. Depending on the condition of the Licensed Premises and required remedial measures, the Division may permit a Medical Marijuana-Infused Products Manufacturer to produce Medical Marijuana Concentrate or manufacture Medical Marijuana-Infused Product while operations have been suspended.

H. Violation Affecting Public Safety. Failure to comply with this rule may constitute a license violation affecting public safety.

Basis and Purpose – M 605

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XII), 12-43.3-202(2)(a)(XV) and 12-43.3-202(2)(a)(XX), C.R.S. The purpose of this rule is to establish the categories of Medical Marijuana Concentrate that may be produced at a Medical Marijuana-Infused Products Manufacturer and establish standards for the production of those concentrate. Nothing in this rule authorizes the unlicensed practice of engineering under Article 25 of Title 12, C.R.S.

M 605 – Medical Marijuana-Infused Products Manufacturer: Medical Marijuana Concentrate Production.

A. Permitted Categories of Medical Marijuana Concentrate Production

1. A Medical Marijuana-Infused Products Manufacturer may produce Water-Based Medical Marijuana Concentrate and Food-Based Medical Marijuana Concentrate.

2. A Medical Marijuana-Infused Products Manufacturer may also produce Solvent-Based Medical Marijuana Concentrate using only the following solvents: butane, propane, CO2, ethanol, isopropanol, acetone, heptane and pentane. The use of any other solvent is expressly prohibited unless and until it is approved by the Division.

3. Beginning on July 1, 2014, a Medical Marijuana-Infused Products Manufacturer may submit a request to the Division to consider the approval of solvents not permitted for use under this rule during the next formal rulemaking.

B. General Applicability. A Medical Marijuana-Infused Products Manufacturer that engages in the production of Medical Marijuana Concentrate, regardless of the method of extraction or category of concentrate being produced, must:
1. Ensure that the space in which any Medical Marijuana Concentrate is to be produced is a fully enclosed room and clearly designated on the current diagram of the Licensed Premises. See Rule M 901- Business Records Required.

2. Ensure that all applicable sanitary rules are followed. See M 604.

3. Ensure that the standard operating procedure for each method used to produce a Medical Marijuana Concentrate on its Licensed Premises includes, but need not be limited to, step-by-step instructions on how to safely and appropriately:
   a. Conduct all necessary safety checks prior to commencing production;
   b. Prepare Medical Marijuana for processing;
   c. Extract cannabinoids and other essential components of Medical Marijuana;
   d. Purge any solvent or other unwanted components from a Medical Marijuana Concentrate,
   e. Clean all equipment, counters and surfaces thoroughly; and
   f. Dispose of any waste produced during the processing of Medical Marijuana in accordance with all applicable local, state and federal laws, rules and regulations. See Rule M 307 – Waste Disposal.

4. Establish written and documentable quality control procedures designed to maximize safety for Owners and Occupational Licensees and minimize potential product contamination.

5. Establish written emergency procedures to be followed by Owners or Occupational Licensees in case of a fire, chemical spill or other emergency.

6. Have a comprehensive training manual that provides step-by-step instructions for each method used to produce a Medical Marijuana Concentrate on its Licensed Premises. The training manual must include, but need not be limited to, the following topics:
   a. All standard operating procedures for each method of concentrate production used at that Licensed Premises;
   b. The Medical Marijuana-Infused Products Manufacturer’s quality control procedures;
   c. The emergency procedures for that Licensed Premises;
   d. The appropriate use of any necessary safety or sanitary equipment;
   e. The hazards presented by all solvents used within the Licensed Premises as described in the material safety data sheet for each solvent;
   f. Clear instructions on the safe use of all equipment involved in each process and in accordance with manufacturer’s instructions, where applicable; and
   g. Any additional periodic cleaning required to comply with all applicable sanitary rules.
7. Provide adequate training to every Owner or Occupational Licensee prior to that individual undertaking any step in the process of producing a Medical Marijuana Concentrate.
   a. Adequate training must include, but need not be limited to, providing a copy of the training manual for that Licensed Premises and live, in-person instruction detailing at least all of the topics required to be included in the training manual.
   b. The individual training an Owner or Occupational Licensee must sign and date a document attesting that all required aspects of training were conducted and that he or she is confident that the Owner or Occupational Licensee can safely produce a Medical Marijuana Concentrate. See Rule M 901- Business Records Required.
   c. The Owner or Occupational Licensee that received the training must sign and date a document attesting that he or she can safely implement all standard operating procedures, quality control procedures, and emergency procedures, operate all closed-loop extraction systems, use all safety, sanitary and other equipment and understands all hazards presented by the solvents to be used within the Licensed Premises and any additional period cleaning required to maintain compliance with all applicable sanitary rules. See Rule M 901- Business Records Required.

8. Maintain clear and comprehensive records of the name, signature and Owner or Occupational License number of every individual who engaged in any step related to the creation of a Production Batch of Medical Marijuana Concentrate and the step that individual performed. See Rule M 901- Business Records Required.

C. Water-Based Medical Marijuana Concentrate, Food-Based Medical Marijuana Concentrate and Heat/Pressure Based Retail Marijuana Concentrate. Medical Marijuana-Infused Products Manufacturer that engages in the production of a Water-Based Medical Marijuana Concentrate, a Food-Based Medical Marijuana Concentrate or a Heat/Pressure Based Retail Marijuana Concentrate must:
   1. Ensure that all equipment, counters and surfaces used in the production of a Water-Based Medical Marijuana Concentrate, a Food-Based Medical Marijuana Concentrate or a Heat/Pressure Based Retail Marijuana Concentrate are food-grade including ensuring that all counters and surface areas were constructed in such a manner that it reduces the potential for the development of microbials, molds and fungi and can be easily cleaned.
   2. Ensure that all equipment, counters, and surfaces used in the production of a Water-Based Medical Marijuana Concentrate, a Food-Based Medical Marijuana Concentrate or a Heat/Pressure Based Retail Marijuana Concentrate are thoroughly cleaned after the completion of each Production Batch.
   3. Ensure that any room in which dry ice is stored or used in processing Medical Marijuana into a Medical Marijuana Concentrate is well ventilated to prevent against the accumulation of dangerous levels of CO2.
   4. Ensure that the appropriate safety or sanitary equipment, including personal protective equipment, is provided to, and appropriately used by, each Owner or Occupational Licensee engaged in the production of a Water-Based Medical Marijuana Concentrate, a Food-Based Medical Marijuana Concentrate or a Heat/Pressure Based Retail Marijuana Concentrate.
5. Ensure that only finished drinking water and ice made from finished drinking water is used in the production of a Water-Based Medical Marijuana Concentrate.

6. Ensure that if propylene glycol or glycerin is used in the production of a Food-Based Medical Marijuana Concentrate, then the propylene glycol or glycerin to be used is food-grade.

7. Follow all of the rules related to the production of a Solvent-Based Medical Marijuana Concentrate if a pressurized system is used in the production of a Water-Based Medical Marijuana Concentrate, a Food-Based Medical Marijuana Concentrate or a Heat/Pressure Based Retail Marijuana Concentrate.

D. Solvent-Based Medical Marijuana Concentrate. A Medical Marijuana-Infused Products Manufacturer that engages in the production of Solvent-Based Medical Marijuana Concentrate must:

1. Obtain a report from an Industrial Hygienist or a Professional Engineer that certifies that the equipment, Licensed Premises and standard operating procedures comply with these rules and all applicable local and state building codes, fire codes, electrical codes and other laws. If a local jurisdiction has not adopted a local building code or fire code or if local regulations do not address a specific issue, then the Industrial Hygienist or Professional Engineer shall certify compliance with the International Building Code of 2012 (http://www.iccsafe.org), the International Fire Code of 2012 (http://www.iccsafe.org) or the National Electric Code of 2014 (http://www.nfpa.org), as appropriate. Note that this rule does not include any later amendments or editions to each Code. The Division has maintained a copy of each code, which are available to the public;

   a. Flammable Solvent Determinations. If a Flammable Solvent is to be used in the processing of Medical Marijuana into a Medical Marijuana Concentrate, then the Industrial Hygienist or Professional Engineer must:

      i. Establish a maximum amount of Flammable Solvents and other flammable materials that may be stored within that Licensed Premises in accordance with applicable laws, rules and regulations.

      ii. Determine what type of electrical equipment, which may include but need not be limited to outlets, lights, junction boxes, must be installed within the room in which Medical Marijuana Concentrate are to be produced or Flammable Solvents are to be stored in accordance with applicable laws, rules and regulations.

      iii. Determine whether a gas monitoring system must be installed within the room in which Medical Marijuana Concentrate are to be produced or Flammable Solvents are to be stored, and if required the system’s specifications, in accordance with applicable laws, rules and regulations.

      iv. Determine whether fire suppression system must be installed within the room in which Medical Marijuana Concentrate are to be produced or Flammable Solvents are to be stored, and if required the system’s specifications, in accordance with applicable laws, rules and regulations.

   b. CO₂ Solvent Determination. If CO₂ is used as solvent at the Licensed Premises, then the Industrial Hygienist or Professional Engineer must determine whether a CO₂ gas monitoring system must be installed within the room in which Medical
Marijuana Concentrate are to be produced or CO₂ is stored, and if required the system’s specifications, in accordance with applicable laws, rules and regulations.

c. **Exhaust System Determination.** The Industrial Hygienist or Professional Engineer must determine whether a fume vent hood or exhaust system must be installed within the room in which Medical Marijuana Concentrate are to be produced, and if required the system’s specifications, in accordance with applicable laws, rules and regulations.

d. **Material Change.** If a Medical Marijuana-Infused Products Manufacturer makes a Material Change to its Licensed Premises, equipment or a concentrate production procedure, in addition to all other requirements, it must obtain a report from an Industrial Hygienist or Professional Engineer re-certifying its standard operating procedures and, if changed, its Licensed Premises and equipment as well.

e. **Manufacturer’s Instructions.** The Industrial Hygienist or Professional Engineer may review and consider any information provided to the Medical Marijuana-Infused Products Manufacturer by the designer or manufacturer of any equipment used in the processing of Medical Marijuana into a Medical Marijuana Concentrate.

f. **Records Retention.** A Medical Marijuana-Infused Products Manufacturer must maintain copy of all reports received from an Industrial Hygienist and Professional Engineer on its Licensed Premises. Notwithstanding any other law, rule or regulation, compliance with this rule is not satisfied by storing these reports outside of the Licensed Premises. Instead the reports must be maintained on the Licensed Premises until the Licensee ceases production of Medical Marijuana Concentrate on the Licensed Premises.

2. Ensure that all equipment, counters and surfaces used in the production of a Solvent-Based Medical Marijuana Concentrate must be food-grade and must not react adversely with any of the solvents to be used in the Licensed Premises. Additionally, all counters and surface areas must be constructed in a manner that reduces the potential development of microbials, molds and fungi and can be easily cleaned;

3. Ensure that the room in which Solvent-Based Medical Marijuana Concentrate shall be produced must contain an emergency eye-wash station;

4. Ensure that a professional grade, closed-loop extraction system capable of recovering the solvent is used to produce Solvent-Based Medical Marijuana Concentrate;

a. **UL or ETL Listing**

   i. If the system is UL or ETL listed, then a Medical Marijuana-Infused Products Manufacturer may use the system in accordance with the manufacturer’s instructions.

   ii. If the system is UL or ETL listed but the Medical Marijuana-Infused Products Manufacturer intends to use a solvent in the system that is not listed in the manufacturer’s instructions for use in the system, then, prior to using the unlisted solvent within the system, the Medical Marijuana-Infused Products Manufacturer must obtain written approval for use of the non-listed solvent in the system from either the system’s
manufacturer or a Professional Engineer after the Professional Engineer has conducted a peer review of the system. In reviewing the system, the Professional Engineer shall review and consider any information provided by the system’s designer or manufacturer.

iii. If the system is not UL or ETL listed, then there must a designer of record. If the designer of record is not a Professional Engineer, then the system must be peer reviewed by a Professional Engineer. In reviewing the system, the Professional Engineer shall review and consider any information provided by the system’s designer or manufacturer.

b. Ethanol or Isopropanol. A Medical Marijuana-Infused Products Manufacturer Facility need not use a professional grade, closed-loop system extraction system capable of recovering the solvent for the production of a Solvent-Based Medical Marijuana Concentrate if ethanol or isopropanol are the only solvents being used in the production process.

5. Ensure that all solvents used in the extraction process are food-grade or at least 99% pure;

a. A Medical Marijuana-Infused Products Manufacturer must obtain a material safety data sheet for each solvent used or stored on the Licensed Premises. A Medical Marijuana-Infused Products Manufacturer must maintain a current copy of the material safety data sheet and a receipt of purchase for all solvents used or to be used in an extraction process. See Rule M 901- Business Records Required.

b. A Medical Marijuana-Infused Products Manufacturer is prohibited from using denatured alcohol to produce a Medical Marijuana Concentrate.

6. Ensure that all Flammable Solvents or other flammable materials, chemicals and waste are stored in accordance with all applicable laws, rules and regulations. At no time may a Medical Marijuana-Infused Products Manufacturer store more Flammable Solvent on its Licensed Premises than the maximum amount established for that Licensed Premises by the Industrial Hygienist or Professional Engineer;

7. Ensure that the appropriate safety and sanitary equipment, including personal protective equipment, is provided to, and appropriately used by, each Owner or Occupational Licensee engaged in the production of a Solvent-Based Medical Marijuana Concentrate; and

8. Ensure that a trained Owner or Occupational Licensee is present at all times during the production of a Solvent-Based Medical Marijuana Concentrate whenever an extraction process requires the use of pressurized equipment.

E. Ethanol and Isopropanol. If a Medical Marijuana-Infused Products Manufacturer only produces Solvent-Based Medical Marijuana Concentrate using ethanol or isopropanol at its Licensed Premises and no other solvent, then it shall be considered exempt from the requirements in paragraph D of this rule and instead must follow the requirements in paragraph C of this rule. Regardless of which rule is followed, the ethanol or isopropanol must be food grade or at least 99% pure and denatured alcohol cannot be used.

F. Violation Affecting Public Safety. Failure to comply with this rule may constitute a license violation affecting public safety.
M 900 Series – Business Records

Basis and Purpose – M 901

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XV), 12-43.3-202(2)(a)(XVII), and 12-43.3-202(2)(a)(XX), C.R.S. This rule explains what business records a Licensee must maintain. It also clarifies that such records must be made available to the Division on demand. Rule R 901.B was added due to written commentary received from an industry representative.

M 901 – Business Records Required

A. General Requirements

1. A Medical Marijuana Business must maintain the information required in this rule in a format that is readily understood by a reasonably prudent business person.

2. Each Medical Marijuana Business shall retain all books and records necessary to fully account for the business transactions conducted under its license for the current year and three preceding calendar years.
   a. On premises records: The Medical Marijuana Business’ books and records for the preceding six months (or complete copies of such records) must be maintained on its Licensed Premises at all times.
   b. On- or off-premises records: Books and records associated with older periods may be archived on or off of the Licensed Premises.

3. The books and records must fully account for the transactions of the business and must include, but shall not be limited to:
   a. Current Employee List – This list must provide the full name and Occupational License number of each employee and all non-employee Owners, who work at a Medical Marijuana Business.
      i. Each Licensed Premises shall enter the full name and Occupational license number of every employee that works on the premises into the Inventory Tracking System. The Licensed Premises shall update its list of employees in the Inventory Tracking System within 10 days of an employee commencing or ceasing employment on the premises.
   b. Secure Facility Information – For its Licensed Premises and any associated permitted off-premises storage facility, a Medical Marijuana Business must maintain the business contact information for vendors that maintain video surveillance systems and Security Alarm Systems.
   c. Licensed Premises – Diagram of all approved Limited Access Areas and any permitted off-premises storage facilities.
   d. Advertising Records - All records related to Advertising and marketing, including, but not limited to, audience composition data.
   e. Visitor Log – List of all visitors entering Limited Access Areas or Restricted Access Areas.

Deleted: Once the functionality is developed
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f. Waste log – Comprehensive records regarding all waste material that accounts for, reconciles, and evidences all waste activity related to the disposal of marijuana.

g. Surveillance logs – Surveillance logs as required by Rule M 306.

h. Identity Statement and Standardized Graphic. Every Licensee shall maintain a record of its Identity Statement and Standardized Graphic Symbol which shall be available upon request by the State Licensing Authority. A Licensee may elect to have its Identity Statement also serve as its Standardized Graphic Symbol for purposes of complying with this rule.

i. All records normally retained for tax purposes.

j. All other records required by these Rules.

B. Loss of Records and Data. Any loss of electronically-maintained records shall not be considered a mitigating factor for violations of this rule. Licensees are required to exercise due diligence in preserving and maintaining all required records.

C. Violation Affecting Public Safety. Violation of this rule may constitute a license violation affecting public safety.

D. Records Related to Inventory Tracking. A Medical Marijuana Business must maintain accurate and comprehensive inventory tracking records that account for, reconcile, and evidence all inventory activity for Medical Marijuana from either seed or Immature Plant stage until the Medical Marijuana or Medical Marijuana-Infused Product is destroyed or sold to another Medical Marijuana Business or a patient.

E. Records Related to Transport. A Medical Marijuana Business must maintain adequate records for the transport of all activities related to Medical Marijuana and Medical Marijuana-Infused Product. See Rule M 801 – Transport of Medical Marijuana or Medical Marijuana-Infused Product.

F. Provision of Requested Records to the Division. A Licensee must provide on-demand access to on-premises records following a request from the Division during normal business hours or hours of apparent operation, and must provide access to off-premises records within three business days following a request from the Division.