M 300 Series – The Licensed Premises

Basis and Purpose – M 301

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), and section 12-43.3-105, C.R.S. The purpose of this rule is to establish regulations governing Limited Access Areas for inside a Licensed Premises. In addition, this rule clarifies that businesses and individuals cannot use the visitor system as a means to employ an individual who does not possess a valid and current Occupational License.

M 301 – Limited Access Areas

A. Proper Display of License Badge. All persons in a Limited Access Area as provided for in section 12-43.3-105, C.R.S., shall be required to hold and properly display a current license badge issued by the Division at all times. Proper display of the license badge shall consist of wearing the badge in a plainly visible manner, at or above the waist, and with the photo of the Licensee visible. The Licensee shall not alter, obscure, damage, or deface the badge in any manner.

B. Visitors in Limited Access Areas

1. Prior to entering a Limited Access Area, all visitors, including outside vendors, contractors or others, must obtain a visitor identification badge from management personnel of the Licensee that shall remain visible while in the Limited Access Area.

2. Visitors shall be escorted by the Medical Marijuana Business's licensed personnel at all times. No more than five visitors may be escorted by a single employee. Except that trade craftspeople not normally engaged in the business of cultivating, processing or selling Medical Marijuana need not be accompanied on a full-time basis, but only reasonably monitored.

2.1 Any crime or violation of the Medical Marijuana Code or the Medical Marijuana Rules committed by a visitor that involves any discovered plan or other action involving committing theft, burglary, underage sales, diversion of Medical Marijuana or Medical Marijuana Infused-Product, or other crime related to the operation of the subject Medical Marijuana Business shall be reported to the Division in accordance with rule M 904 – Medical Marijuana Business Reporting Requirements.

3. The Licensee shall maintain a log of all visitor activity, for any purpose, within the Limited Access Area and shall make such logs available for inspection by the Division or relevant local licensing authority.

4. All visitors admitted into a Limited Access Area must provide acceptable proof of age and must be at least 21 years of age. *See* Rule M 405 – Acceptable Forms of Identification for Medical Sales.

5. The Licensee shall check an acceptable form of identification for all visitors to verify that the name on the identification matches the name in the visitor log. *See* Rule M 405 – Acceptable Forms of Identification for Medical Sales

6. A Licensee may not receive consideration or compensation for permitting a visitor to enter a Limited Access Area.

7. Use of a visitor badge to circumvent the Occupational License requirements of rule M 233 – Medical Code or Retail Code Occupational Licenses Required is prohibited and may constitute a license violation affecting public safety.

C. Required Signage. All areas of ingress and egress to Limited Access Areas on the Licensed Premises shall be clearly identified by the posting of a sign which shall be not less than 12 inches wide and 12 inches long, composed of letters not less than a half inch in height, which shall state, "Do Not Enter - Limited Access Area – Access Limited to Licensed Personnel and Escorted Visitors".

D. Diagram for Licensing Licensed Premises. All Limited Access Areas shall be clearly identified to the Division or relevant local licensing authority and described by the filing of a diagram of the Licensed Premises reflecting walls, partitions, counters and all areas of ingress and egress. The diagram shall also reflect all Propagation, cultivation, manufacturing, and Restricted Access Areas. *See* Rule M 901 – Business Records Required.

E. Modification of a Limited Access Area. A Licensee's proposed modification of designated Limited Access Areas shall be approved by Division or local licensing authorities. *See* Rule M 303 – Changing, Altering, or Modifying Licensed Premises.

F. Law Enforcement Personnel Authorized. Notwithstanding the requirements of subsection A of this rule, nothing shall prohibit investigators and employees of the Division, authorities from local licensing authority or any state or local law enforcement agency, for a purpose authorized by the Medical Code or for any other state or local law enforcement purpose, from entering a Limited Access Area upon presentation of official credentials identifying them as such.

Basis and Purpose – M 302

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XX), and 12-43.3-308(1)(b), C.R.S. The purpose of this rule is to establish and clarify the means by which the Licensee can establish lawful possession of the Licensed Premises.

M 302 – Possession of Licensed Premises

A. Evidence of Lawful Possession. Persons licensed pursuant to sections 12-43.3-402, 12-43.3-403, ~~or~~ 12-43.3-404, 12-43.3-405, or 12-43.3-406, C.R.S., or those making application for such licenses, must demonstrate proof of lawful possession of the premises to be licensed or Licensed Premises. Evidence of lawful possession consists of properly executed deeds of trust, leases, or other written documents acceptable to the State Licensing Authority and local licensing authorities.

B. Relocation Prohibited. The Licensed Premises shall only be those geographical areas that are specifically and accurately described in executed documents verifying lawful possession. Licensees are not authorized to relocate to other areas or units within a building structure without first filing a change of location application and obtaining approval from the Division and the local licensing authority. Licensees shall not add additional contiguous units or areas, thereby altering the initially-approved premises, without filing an Application to modify the Licensed Premises on current forms prepared by the Division, including any applicable processing fee. *See* Rule M 303 - Changing, Altering, or Modifying Licensed Premises.

C. Subletting Not Authorized. Licensees are not authorized to sublet any portion of a Licensed Premises for any purpose, unless all necessary applications to modify the

existing Licensed Premises to accomplish any subletting have been approved by the Division and local licensing authority.

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)(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. 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 Marijuana Center 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)(I)(A-F),12-43.3-310(7), 12-43.3-310(4), and 12-43.3-402, 12-43.3-406(1)(c) and 12-43.3-406(4)(b), 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 an Optional Premises Cultivation Operation 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. This rule M 401(E)(1) is repealed effective July 1, 2016. A Medical Marijuana Center may provide Samples of its products for testing and research purposes to a Retail Marijuana Testing Facility that has obtained a vendor registration and an Occupational License to test and research Medical Marijuana 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.

1.5. This rule M 401(E)(1.5) is effective beginning July 1, 2016. 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 403

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), 12-43.3-202(2)(a)(XX), 12-43.3-310(7), and 12-43.3-310(4), and section 12-43.3-201, 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., shall only include Medical Marijuana grown on the Medical Marijuana Center's dedicated Optional Premises Cultivation Operation that has been processed and the total amount or quantity has been accounted for in the licensed Medical Marijuana Center's inventory during the previous calendar year, or in the case of a newly licensed business, its first 12 months of business. For purposes of this rule, a calendar year means January 1st to December 31st.

B. Medical Marijuana-Infused Products Manufacturers. A Medical Marijuana Center may also contract for the manufacture of 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. A Medical Marijuana Center and its employees are prohibited from selling more than two ounces of Medical Marijuana or its equivalent in Medical Marijuana-Infused Product during a sales transaction to a patient unless that patient has designated the Medical Marijuana Center as its primary center and supplied it with documentation from the patient's physician that allows the patient more than two ounces of Medical Marijuana or its equivalent in Marijuana-Infused Product. A Medical Marijuana Center is prohibited from selling more than two ounces of Medical Marijuana or its equivalent in Marijuana-Infused Product to any patient who has not registered that Medical Marijuana Center as its primary center.

E. 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 incentives.

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), and 12-43.3-202(2)(a)(XX), 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 sale or 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 they are transferred from an Optional Premises Cultivation Operation, ~~or~~ 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 ~~Retail Marijuana Store~~ 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 ~~R~~ 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, ~~or~~ 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, ~~or~~ Medical Marijuana-Infused Products Manufacturer, or Medical Marijuana Transporter.

3. A Medical Marijuana Center must immediately account for all Medical Marijuana sold or 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), 12-43.3-310(7), and 12-43.3-310(4), 12-43.3-406(1)(c), and 12-43.3-406(4)(b), 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 Sales. 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 and securely sealed in a tamper-evident manner.

1. The packages must be transported to the receiving Medical Marijuana Business within 48 hours 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 48 hours 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.

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

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), 12-43.3-202(2)(a)(XX), 12-43.3-310(7), and 12-43.3-310(4), and section 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 Transporter.

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 – Packaging Requirements: General Requirements and M 1002 – Labeling Requirements: General Requirements.

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. A Medical Marijuana Optional Premises Cultivation shall not sell or give away Medical Marijuana to a Medical Marijuana Transporter, and shall not buy or receive complimentary Medical Marijuana from a Medical Marijuana Transporter.

Basis and Purpose – M 503

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), C.R.S. The purpose of this rule is to eliminate diversion of Medical Marijuana.

M 503 – Medical Marijuana Optional Premises Cultivation Operation: Inventory Tracking System

A. Minimum Tracking Requirement. An Optional Premises Cultivation Operation must use the Inventory Tracking System to ensure its inventories are identified and tracked from the point Medical Marijuana is Propagated from seed or cutting to the point when it is delivered to a Medical Marijuana Business. *See also* Rule M 309, Medical Marijuana Business: Inventory Tracking System. An Optional Premises Cultivation Operation must have the ability to reconcile its inventory records generated from the Inventory Tracking System and the associated transaction history and sale receipts. *See also* Rule M 901 – Business Records Required.

1. An Optional Premises Cultivation Operation is prohibited from accepting any Medical Marijuana from another Medical Marijuana Optional Premises Cultivation Operation or Medical Marijuana Transporter without receiving a valid transport manifest generated from the Inventory Tracking System.

2. An Optional Premises Cultivation Operation must immediately input all Medical Marijuana delivered to its Licensed Premises and account for all RFID tags into

the Inventory Tracking System at the time of delivery from another Medical Marijuana Optional Premises Cultivation Facility or Medical Marijuana Transporter.

3. An Optional Premises Cultivation Operation must reconcile its transaction history and on-hand Medical Marijuana to the Inventory Tracking System at the close of business each day.

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)(I)(A-F), ~~and section~~ 12-43.3-404, 12-43.3-406(1)(c), and 12-43.3-406(4)(b), 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. Sales Restricted. A Medical Marijuana-Infused Products Manufacturer may only sell its own Medical Marijuana-Infused Product to Medical Marijuana Centers.

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 a Retail Marijuana Testing Facility that has obtained an Occupational License to test and research Medical Marijuana 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)(XX), and 12-43.3-404(3), 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.

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.

Basis and Purpose – M 603

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), 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.

M 603 – Medical Marijuana-Infused Products Manufacturer: Inventory Tracking System

A. Minimum Tracking Requirement. A Medical Marijuana-Infused Products Manufacturer must use the Inventory Tracking System to ensure its inventories are identified and tracked from the point they are transferred from a commonly owned Optional Premises Cultivation Operation, ~~or~~ Medical Marijuana Center, or Medical Marijuana Transporter through wholesale transaction or transfer. *See also* Rule M 309 – Medical Marijuana Business: Inventory Tracking System. A Medical Marijuana-Infused Products Manufacturer 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-Infused Products Manufacturer is prohibited from accepting any Medical Marijuana from any Optional Premises Cultivation Operation or Medical Marijuana Transporter without receiving a valid transport manifest generated from the Inventory Tracking System.

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

3. A Medical Marijuana-Infused Products Manufacturer must reconcile transactions to the Inventory Tracking System at the close of business each day.

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)(a)(XX), 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 Child-Resistant Container packaging requirements of rule M 1004.5.

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

c. 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. 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 sell, 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.

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

M 1100 Series – Signage and Advertising

~~**Basis and Purpose – M 1101**~~

~~The statutory authority for this rule is found at subjections 12-43.3-202(1)(b)(I), 12-43.3-202(1)(a)(VI), 12-43.3-202(2)(a)(VII), 12-43.3-202(2)(a)(XX), and 12-43.3-901(4)(b), C.R.S. The purpose of this rule is to clearly delineate that Licensees are not permitted to make false or misleading statements.~~

M 1101 – General Requirement: False and Misleading Statements

~~A. No Medical Marijuana Business shall display upon or in proximity to, or referring to the Licensed Premises, use, publish or exhibit, or permit to be used, or published, any sign, advertisement, display, notice, symbol or other device which are inconsistent with the local laws and regulations in which the licensee operates.~~

~~B. No Medical Marijuana Business shall display upon or in proximity to, or referring to the Licensed Premises, use, publish or exhibit, or permit to be used, or published, any sign, advertisement, display, notice, symbol or other device which uses misleading, deceptive, or false advertising.~~

Repealed.

Basis and Purpose – M 1102

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2.5)(a)(II), and 12-43.3-901(4)(b), C.R.S. The purpose of this rule is to clearly delineate that a Medical Marijuana Business is not permitted to make deceptive, false, or misleading statements in Advertising materials or on any product or document provided to a consumer.

M 1102 – Advertising General Requirement: No Deceptive, False or Misleading Statements

A Medical Marijuana Business shall not engage in Advertising that is deceptive, false, or misleading. A Medical Marijuana Business shall not make any deceptive, false, or misleading assertions or statements on any product, any sign, or any document provided to a consumer.

Basis and Purpose M 1103

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2.5)(a)(II), and 12-43.3-901(4)(b), C.R.S. The purpose of this rule is to clarify the definition of the term “minor” as used in the Medical Code and these rules.

M 1103 – The Term “Minor” as Used in the Medical Code and These Rules

The term “minor” as used in the Medical Code and these rules means an individual under the age of 18.

Basis and Purpose – M 1104

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I) and 12-43.3-202(2.5)(a)(II), C.R.S. The purpose of this rule is to clarify the restrictions applicable to television Advertising.

The operation of Medical Marijuana Businesses in Colorado is authorized solely within the narrow confines of the Colorado Revised Statutes, Title 12, Article 43.3, Sections 101 et seq. The statutorily

mandated regulatory scheme governing Medical Marijuana Businesses must include rules establishing restrictions on the advertising and display of marijuana and marijuana product. Through House Bill 16-1363 passed in 2016, the Colorado General Assembly provided further direction regarding mandated advertising restrictions. *See* §12-43.3-202(2.5)(a)(II), C.R.S. The Medical Code requires the State Licensing Authority to promulgate rules on the subject of signage, marketing and advertising restrictions that include but are not limited to a prohibition on mass-market campaigns that have a high likelihood of reaching minors. *See* §12-43.3-202(2.5)(a)(II), C.R.S. Previously, rulemaking on the same signage, marketing and advertising and requirements was mandated by the legislative regulatory scheme governing Retail Marijuana Establishments. In that rulemaking process the State Licensing Authority received extensive comments reflecting the strong influence advertising has on minors' decision-making with regard to substance use and abuse. To ensure equal compliance and enforcement across both regulated industries of Medical and Retail Marijuana, the State Licensing Authority is adopting the same standards for rules regulating the signage, marketing and advertising of Medical Marijuana, that were adopted for Retail Marijuana. These rules apply to Advertising as defined in Rule M 103. Advertising includes marketing but not labeling. Advertising includes only those promotions, positive statements or endorsements that are obtained in exchange for consideration. The State Licensing Authority will continue to evaluate the best way to implement the state legislative directive to establish appropriate advertising restrictions for this evolving industry, and will in particular continue to monitor and evaluate advertising, marketing and signage to protect the interests of those under the age of 18 and to prevent underage use of marijuana.

M 1104 – Advertising: Television

A. Television Defined. As used in this rule, the term "television" means a system for transmitting visual images and sound that are reproduced on screens, and includes broadcast, cable, on-demand, satellite, or internet programming. Television includes any video programming downloaded or streamed via the internet.

B. Television Advertising. A Medical Marijuana Business shall not utilize television Advertising unless the Medical Marijuana Business has reliable evidence that no more than 30 percent of the audience for the program on which the Advertising is to air is reasonably expected to be under the age of 18.

Basis and Purpose – M 1105

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I) and 12-43.3-202(2.5)(a)(II), C.R.S. The purpose of this rule is to clarify the restrictions applicable to radio Advertising.

The operation of Medical Marijuana Businesses in Colorado is authorized solely within the narrow confines of the Colorado Revised Statutes, Title 12, Article 43.3, Sections 101 et seq. The statutorily mandated regulatory scheme governing Medical Marijuana Businesses must include rules establishing restrictions on the advertising and display of marijuana and marijuana product. Through House Bill 16-1363 passed in 2016, the Colorado General Assembly provided further direction regarding mandated advertising restrictions. *See* §12-43.3-202(2.5)(a)(II), C.R.S. The Medical Code requires the State Licensing Authority to promulgate rules on the subject of signage, marketing and advertising restrictions that include but are not limited to a prohibition on mass-market campaigns that have a high likelihood of reaching minors. *See* §12-43.3-202(2.5)(a)(II), C.R.S. Previously, rulemaking on the same signage, marketing and advertising and requirements was mandated by the legislative regulatory scheme governing Retail Marijuana Establishments. In that rulemaking process the State Licensing Authority received extensive comments reflecting the strong influence advertising has on minors' decision-making with regard to substance use and abuse. To ensure equal compliance and enforcement across both regulated industries of Medical and Retail Marijuana, the State Licensing Authority is adopting the same standards for rules regulating the signage, marketing and advertising of Medical Marijuana, that were adopted for Retail Marijuana. These rules apply to Advertising as defined in Rule M 103. Advertising includes marketing but not labeling. Advertising includes only those promotions, positive statements or endorsements that are obtained in exchange for consideration. The State Licensing Authority will

continue to evaluate the best way to implement the state legislative directive to establish appropriate advertising restrictions for this evolving industry, and will in particular continue to monitor and evaluate advertising, marketing and signage to protect the interests of those under the age of 18 and to prevent underage use of marijuana.

M 1105 – Advertising: Radio

A. Radio Defined. As used in this rule, the term "radio" means a system for transmitting sound without visual images, and includes broadcast, cable, on-demand, satellite, or internet programming. Radio includes any audio programming downloaded or streamed via the internet.

B. Radio Advertising. A Medical Marijuana Business shall not engage in radio Advertising unless the Medical Marijuana Business has reliable evidence that no more than 30 percent of the audience for the program on which the Advertising is to air is reasonably expected to be under the age of 18.

Basis and Purpose – M 1106

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I) and 12-43.3-202(2.5)(a)(II), C.R.S. The purpose of this rule is to clarify the restrictions applicable to Advertising in print media.

The operation of Medical Marijuana Businesses in Colorado is authorized solely within the narrow confines of the Colorado Revised Statutes, Title 12, Article 43.3, Sections 101 et seq. The statutorily mandated regulatory scheme governing Medical Marijuana Businesses must include rules establishing restrictions on the advertising and display of marijuana and marijuana product. Through House Bill 16-1363 passed in 2016, the Colorado General Assembly provided further direction regarding mandated advertising restrictions. *See* §12-43.3-202(2.5)(a)(II), C.R.S. The Medical Code requires the State Licensing Authority to promulgate rules on the subject of signage, marketing and advertising restrictions that include but are not limited to a prohibition on mass-market campaigns that have a high likelihood of reaching minors. *See* §12-43.3-202(2.5)(a)(II), C.R.S. Previously, rulemaking on the same signage, marketing and advertising and requirements was mandated by the legislative regulatory scheme governing Retail Marijuana Establishments. In that rulemaking process the State Licensing Authority received extensive comments reflecting the strong influence advertising has on minors' decision-making with regard to substance use and abuse. To ensure equal compliance and enforcement across both regulated industries of Medical and Retail Marijuana, the State Licensing Authority is adopting the same standards for rules regulating the signage, marketing and advertising of Medical Marijuana, that were adopted for Retail Marijuana. These rules apply to Advertising as defined in Rule M 103. Advertising includes marketing but not labeling. Advertising includes only those promotions, positive statements or endorsements that are obtained in exchange for consideration. The State Licensing Authority will continue to evaluate the best way to implement the state legislative directive to establish appropriate advertising restrictions for this evolving industry, and will in particular continue to monitor and evaluate advertising, marketing and signage to protect the interests of those under the age of 18 and to prevent underage use of marijuana.

M 1106 – Advertising: Print Media

A Medical Marijuana Business shall not engage in Advertising in a print publication unless the Medical Marijuana Business has reliable evidence that no more than 30 percent of the publication's readership is reasonably expected to be under the age of 18.

Basis and Purpose – M 1107

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I) and 12-43.3-202(2.5)(a)(II), C.R.S. The purpose of this rule is to clarify the restrictions applicable to Advertising on the internet.

The operation of Medical Marijuana Businesses in Colorado is authorized solely within the narrow confines of the Colorado Revised Statutes, Title 12, Article 43.3, Sections 101 et seq. The statutorily mandated regulatory scheme governing Medical Marijuana Businesses must include rules establishing restrictions on the advertising and display of marijuana and marijuana product. Through House Bill 16-1363 passed in 2016, the Colorado General Assembly provided further direction regarding mandated advertising restrictions. *See* §12-43.3-202(2.5)(a)(II), C.R.S. The Medical Code requires the State Licensing Authority to promulgate rules on the subject of signage, marketing and advertising restrictions that include but are not limited to a prohibition on mass-market campaigns that have a high likelihood of reaching minors. *See* §12-43.3-202(2.5)(a)(II), C.R.S. Previously, rulemaking on the same signage, marketing and advertising and requirements was mandated by the legislative regulatory scheme governing Retail Marijuana Establishments. In that rulemaking process the State Licensing Authority received extensive comments reflecting the strong influence advertising has on minors' decision-making with regard to substance use and abuse. To ensure equal compliance and enforcement across both regulated industries of Medical and Retail Marijuana, the State Licensing Authority is adopting the same standards for rules regulating the signage, marketing and advertising of Medical Marijuana, that were adopted for Retail Marijuana. These rules apply to Advertising as defined in Rule M 103. Advertising includes marketing but not labeling. Advertising includes only those promotions, positive statements or endorsements that are obtained in exchange for consideration. The State Licensing Authority will continue to evaluate the best way to implement the state legislative directive to establish appropriate advertising restrictions for this evolving industry, and will in particular continue to monitor and evaluate advertising, marketing and signage to protect the interests of those under the age of 18 and to prevent underage use of marijuana.

M 1107 – Advertising: Internet

> A Medical Marijuana Business shall not engage in Advertising via the internet unless the Medical Marijuana Business has reliable evidence that no more than 30 percent of the audience for the internet web site is reasonably expected to be under the age of 18. *See also* Rule M 1114 – Pop-Up Advertising.

Basis and Purpose – M 1108

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I) and 12-43.3-202(2.5)(a)(II), C.R.S. The purpose of this rule is to clarify the restrictions applicable to Advertising in a medium designed to target out-of-state residents.

The operation of Medical Marijuana Businesses in Colorado is permitted solely within the narrow confines of the Colorado Revised Statutes, Title 12, Article 43.3, Sections 101 et seq. Colorado has authorized the regulated growth and sale of Medical Marijuana, and it has done so in the context of a longstanding federal ban on such activities. The State Licensing Authority finds that it is essential to regulate Medical Marijuana in the state of Colorado in a manner that does not negatively impact the ability of other states or the federal government to enforce their drug laws. The State Licensing Authority finds that the below restrictions on Advertising as defined in these Medical Marijuana rules are critical to prevent the diversion of Medical Marijuana outside of the state. The State Licensing Authority will continue to monitor and evaluate the best way to implement the state legislative directive to establish appropriate Advertising restrictions for this evolving industry.

M 1108 – Advertising: Targeting Out-of-State Persons Prohibited

> A Medical Marijuana Business shall not engage in Advertising that specifically targets Persons located outside the state of Colorado.

Basis and Purpose – M 1109

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2.5)(a)(II), 12-43.3-402(a)(II)&(III), and 12-43.3-901(4)(b), C.R.S. The purpose of this rule is to clarify the Advertising restrictions applicable to safety claims that are by nature misleading, deceptive, or false.

M 1109 – Signage and Advertising: No Safety Claims Because Regulated by State Licensing Authority

No Medical Marijuana Business may engage in Advertising or utilize signage that asserts its products are safe because they are regulated by the State Licensing Authority.

Basis and Purpose – M 1110

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I), 12-43.3-202(2.5)(a)(II), and 12-43.3-901(4)(b), C.R.S. The purpose of this rule is to clarify the Advertising restrictions applicable to safety claims that are by nature misleading, deceptive, or false.

M 1110 – Signage and Advertising: No Safety Claims Because Tested by a Medical Marijuana Testing Facility

A Medical Marijuana Business may advertise that its products have been tested by a Medical Marijuana Testing Facility, but shall not engage in Advertising or utilize signage that asserts its products are safe because they are tested by a Medical Marijuana Testing Facility.

Basis and Purpose – M 1111

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I) and 12-43.3-202(2.5)(a)(II), C.R.S. The purpose of this rule is to clarify the restrictions applicable to outdoor Advertising and signage.

The operation of Medical Marijuana Businesses in Colorado is authorized solely within the narrow confines of the Colorado Revised Statutes, Title 12, Article 43.3, Sections 101 et seq. The statutorily mandated regulatory scheme governing Medical Marijuana Businesses must include rules establishing restrictions on the advertising and display of marijuana and marijuana product. Through House Bill 16-1363 passed in 2016, the Colorado General Assembly provided further direction regarding mandated advertising restrictions. *See* §12-43.3-202(2.5)(a)(II), C.R.S. The Medical Code requires the State Licensing Authority to promulgate rules on the subject of signage, marketing and advertising restrictions that include but are not limited to a prohibition on mass-market campaigns that have a high likelihood of reaching minors. *See* §12-43.3-202(2.5)(a)(II), C.R.S. Previously, rulemaking on the same signage, marketing and advertising and requirements was mandated by the legislative regulatory scheme governing Retail Marijuana Establishments. In that rulemaking process the State Licensing Authority received extensive comments reflecting the strong influence advertising has on minors' decision-making with regard to substance use and abuse. To ensure equal compliance and enforcement across both regulated industries of Medical and Retail Marijuana, the State Licensing Authority is adopting the same standards for rules regulating the signage, marketing and advertising of Medical Marijuana, that were adopted for Retail Marijuana. These rules apply to Advertising as defined in Rule M 103. Advertising includes marketing but not labeling. Advertising includes only those promotions, positive statements or endorsements that are obtained in exchange for consideration. The State Licensing Authority will continue to evaluate the best way to implement the state legislative directive to establish appropriate advertising restrictions for this evolving industry, and will in particular continue to monitor and evaluate advertising, marketing and signage to protect the interests of those under the age of 18 and to prevent underage use of marijuana.

M 1111 – Signage and Advertising: Outdoor Advertising

A. Local Ordinances. In addition to any requirements within these rules, a Medical Marijuana Business shall comply with any applicable local ordinances regulating signs and Advertising.

B. Outdoor Advertising Generally Prohibited. Except as otherwise provided in this rule, it shall be unlawful for any Medical Marijuana Business to engage in Advertising that is visible to members of the public from any street, sidewalk, park or other public place, including Advertising utilizing any of the following media: any billboard or other outdoor general Advertising device; any sign mounted on a vehicle, any hand-held or other portable sign; or any handbill, leaflet or flier directly handed to any person in a public place, left upon a motor vehicle, or posted upon any public or private property without the consent of the property owner.

C. Exception. The prohibitions set forth in this rule shall not apply to any fixed sign that is located on the same zone lot as a Medical Marijuana Business and that exists solely for the purpose of identifying the location of the Medical Marijuana Business and otherwise complies with any applicable local ordinances.

Basis and Purpose – M 1112

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I) and 12-43.3-202(2.5)(a)(II), C.R.S. The purpose of this rule is to prohibit signage and Advertising that has a high likelihood of reaching individuals under the age of 18.

The operation of Medical Marijuana Businesses in Colorado is authorized solely within the narrow confines of the Colorado Revised Statutes, Title 12, Article 43.3, Sections 101 et seq. The statutorily mandated regulatory scheme governing Medical Marijuana Businesses must include rules establishing restrictions on the advertising and display of marijuana and marijuana product. Through House Bill 16-1363 passed in 2016, the Colorado General Assembly provided further direction regarding mandated advertising restrictions. *See* §12-43.3-202(2.5)(a)(II), C.R.S. The Medical Code requires the State Licensing Authority to promulgate rules on the subject of signage, marketing and advertising restrictions that include but are not limited to a prohibition on mass-market campaigns that have a high likelihood of reaching minors. *See* §12-43.3-202(2.5)(a)(II), C.R.S. Previously, rulemaking on the same signage, marketing and advertising and requirements was mandated by the legislative regulatory scheme governing Retail Marijuana Establishments. In that rulemaking process the State Licensing Authority received extensive comments reflecting the strong influence advertising has on minors' decision-making with regard to substance use and abuse. To ensure equal compliance and enforcement across both regulated industries of Medical and Retail Marijuana, the State Licensing Authority is adopting the same standards for rules regulating the signage, marketing and advertising of Medical Marijuana, that were adopted for Retail Marijuana. These rules apply to Advertising as defined in Rule M 103. Advertising includes marketing but not labeling. Advertising includes only those promotions, positive statements or endorsements that are obtained in exchange for consideration. The State Licensing Authority will continue to evaluate the best way to implement the state legislative directive to establish appropriate advertising restrictions for this evolving industry, and will in particular continue to monitor and evaluate advertising, marketing and signage to protect the interests of those under the age of 18 and to prevent underage use of marijuana.

M 1112 – Signage and Advertising: No Content That Targets Minors

A Medical Marijuana Business shall not include in any form of Advertising or signage any content that specifically targets individuals under the age of 18, including but not limited to cartoon characters or similar images.

Basis and Purpose – M 1113

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I) and 12-43.3-202(2.5)(a)(II)(F), C.R.S. The purpose of this rule is to clarify the Advertising restrictions applicable to marketing directed toward location-based devices.

The operation of Medical Marijuana Businesses in Colorado is authorized solely within the narrow confines of the Colorado Revised Statutes, Title 12, Article 43.3, Sections 101 et seq. The statutorily mandated regulatory scheme governing Medical Marijuana Businesses must include rules establishing restrictions on the advertising and display of marijuana and marijuana product. Through House Bill 16-1363 passed in 2016, the Colorado General Assembly provided further direction regarding mandated advertising restrictions. *See* §12-43.3-202(2.5)(a)(II), C.R.S. The Medical Code requires the State Licensing Authority to promulgate rules on the subject of signage, marketing and advertising restrictions that include but are not limited to a prohibition on mass-market campaigns that have a high likelihood of reaching minors. *See* §12-43.3-202(2.5)(a)(II), C.R.S. Previously, rulemaking on the same signage, marketing and advertising and requirements was mandated by the legislative regulatory scheme governing Retail Marijuana Establishments. In that rulemaking process the State Licensing Authority received extensive comments reflecting the strong influence advertising has on minors' decision-making with regard to substance use and abuse. To ensure equal compliance and enforcement across both regulated industries of medical and Retail Marijuana, the State Licensing Authority is adopting the same standards for rules regulating the signage, marketing and advertising of Medical Marijuana, that were adopted for Retail Marijuana. These rules apply to Advertising as defined in Rule M 103. Advertising includes marketing but not labeling. Advertising includes only those promotions, positive statements or endorsements that are obtained in exchange for consideration. The State Licensing Authority will continue to evaluate the best way to implement the state legislative directive to establish appropriate advertising restrictions for this evolving industry, and will in particular continue to monitor and evaluate advertising, marketing and signage to protect the interests of those under the age of 18 and to prevent underage use of marijuana.

M 1113 – Advertising: Advertising via Marketing Directed Toward Location-Based Devices

> A Medical Marijuana Business shall not engage in Advertising via marketing directed towards location-based devices, including but not limited to cellular phones, unless the marketing is a mobile device application installed on the device by the owner of the device who is 18 year of age or older and includes a permanent and easy opt-out feature.

Basis and Purpose – M 1114

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I) and 12-43.3-202(2.5)(a)(II)(C), C.R.S. The purpose of this rule is to clarify the Advertising restrictions applicable to pop-up Advertising.

The operation of Medical Marijuana Businesses in Colorado is authorized solely within the narrow confines of the Colorado Revised Statutes, Title 12, Article 43.3, Sections 101 et seq. The statutorily mandated regulatory scheme governing Medical Marijuana Businesses must include rules establishing restrictions on the advertising and display of marijuana and marijuana product. Through House Bill 16-1363 passed in 2016, the Colorado General Assembly provided further direction regarding mandated advertising restrictions. *See* §12-43.3-202(2.5)(a)(II), C.R.S. The Medical Code requires the State Licensing Authority to promulgate rules on the subject of signage, marketing and advertising restrictions that include but are not limited to a prohibition on mass-market campaigns that have a high likelihood of reaching minors. *See* §12-43.3-202(2.5)(a)(II), C.R.S. Previously, rulemaking on the same signage, marketing and advertising and requirements was mandated by the legislative regulatory scheme governing Retail Marijuana Establishments. In that rulemaking process the State Licensing Authority received extensive comments reflecting the strong influence advertising has on minors' decision-making with regard to substance use and abuse. To ensure equal compliance and enforcement across both regulated industries of Medical and Retail Marijuana, the State Licensing Authority is adopting the same

standards for rules regulating the signage, marketing and advertising of Medical Marijuana, that were adopted for Retail Marijuana. These rules apply to Advertising as defined in Rule M 103. Advertising includes marketing but not labeling. Advertising includes only those promotions, positive statements or endorsements that are obtained in exchange for consideration. The State Licensing Authority will continue to evaluate the best way to implement the state legislative directive to establish appropriate advertising restrictions for this evolving industry, and will in particular continue to monitor and evaluate advertising, marketing and signage to protect the interests of those under the age of 18 and to prevent underage use of marijuana.

M 1114 – Pop-Up Advertising

A Medical Marijuana Business shall not utilize unsolicited pop-up Advertising on the internet.

Basis and Purpose – M 1115

The statutory authority for this rule is found at subsections 12-43.3-202(1)(b)(I) and 12-43.3-202(2.5)(a)(II), C.R.S. The purpose of this rule is to clarify the Advertising restrictions applicable to event sponsorship.

The operation of Medical Marijuana Businesses in Colorado is authorized solely within the narrow confines of the Colorado Revised Statutes, Title 12, Article 43.3, Sections 101 et seq. The statutorily mandated regulatory scheme governing Medical Marijuana Businesses must include rules establishing restrictions on the advertising and display of marijuana and marijuana product. Through House Bill 16-1363 passed in 2016, the Colorado General Assembly provided further direction regarding mandated advertising restrictions. *See* §12-43.3-202(2.5)(a)(II), C.R.S. The Medical Code requires the State Licensing Authority to promulgate rules on the subject of signage, marketing and advertising restrictions that include but are not limited to a prohibition on mass-market campaigns that have a high likelihood of reaching minors. *See* §12-43.3-202(2.5)(a)(II), C.R.S. Previously, rulemaking on the same signage, marketing and advertising and requirements was mandated by the legislative regulatory scheme governing Retail Marijuana Establishments. In that rulemaking process the State Licensing Authority received extensive comments reflecting the strong influence advertising has on minors' decision-making with regard to substance use and abuse. To ensure equal compliance and enforcement across both regulated industries of Medical and Retail Marijuana, the State Licensing Authority is adopting the same standards for rules regulating the signage, marketing and advertising of Medical Marijuana, that were adopted for Retail Marijuana. These rules apply to Advertising as defined in Rule M 103. Advertising includes marketing but not labeling. Advertising includes only those promotions, positive statements or endorsements that are obtained in exchange for consideration. The State Licensing Authority will continue to evaluate the best way to implement the state legislative directive to establish appropriate advertising restrictions for this evolving industry, and will in particular continue to monitor and evaluate advertising, marketing and signage to protect the interests of those under the age of 18 and to prevent underage use of marijuana.

M 1115 – Advertising: Event Sponsorship

A Medical Marijuana Business may sponsor a charitable, sports, or similar event, but a Medical Marijuana Business shall not engage in Advertising at, or in connection with, such an event unless the Medical Marijuana Business has reliable evidence that no more than 30 percent of the audience at the event and/or viewing Advertising in connection with the event is reasonably expected to be under the age of 18.