



REGULATION CONCERNING PRICES, ROYALTIES AND CONTRIBUTIONS

This Regulation was enacted by
the Kahnawàke Cannabis Control Board
on _____
pursuant to sections 20.1, 21.1, 22.1 and 23.1
of the *Kahnawàke Cannabis Control Law*

DEFINITIONS

1. The definitions provided in the Kahnawàke Cannabis Control Law have the same meaning in this Regulation.

2. For the purposes of this Regulation:

“**consumer**” means an individual of the prescribed legal age that purchases cannabis for personal use;

“**corporation**” means a legal entity that is incorporated under a federal, provincial or state law, including but not limited to a private and public corporation, a limited liability corporation and a corporation with share capital;

“**Council**” means the Mohawk Council of Kahnawà:ke;

“**exempt licence**” means a licence that Council determines is for the purpose of operating a socio-economic project. A “non-exempt licence” is any licence other than an exempt licence;

~~“**gross revenue**” means the sum of all money generated by a licence holder for a defined period of time, without deductions or taking into account any part of that total that has been or will be used for expenses;~~

“**licence**” means a licence issued by the Board;

“**licence holder**” means the holder of a valid licence;

“**non-compliance warning**” means a written warning issued by the

Board to a licence holder that has, in the sole discretion of the Board, failed to fulfill one or more requirements of this Regulation. A non-compliance warning will include the following information:

- (a) name of licence holder;
- (b) date;
- (c) section or sections of the Regulations with which the licence holder has failed to comply;
- (d) details of the non-compliance;
- (e) directions from the Board to the licence holder that must be followed to achieve compliance;
- (f) deadlines by which the Board's directions must be implemented by the licence holder;

"**Onkwehón:we**" means an Indigenous individual;

"**prescribed legal age**" means the full age of twenty-one (21) years, or such other age as is provided in the regulations.

"total cannabis revenue" means the total revenue generated by the sale of cannabis or cannabis-related products by a Licence holder for a defined period of time, without deductions

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PRICE CONTROLS

- 3. To preserve the economic viability of the cannabis market in the Territory, the Board will establish the minimum and maximum prices for which any cannabis product can be sold in the Territory:
 - (a) by a cultivator and processor to a distributor or a dispensary;
 - (b) by a distributor to a dispensary; and
 - (c) by a dispensary to a consumer.
- 4. For greater certainty, the Board may fix minimum and maximum prices for transactions referenced in subsections 3(a) and (b) to be at "market price".
- 5. For the purposes of subsection 3(c), the prices established by the Board will take into consideration:
 - (a) the type, strength and amount of the cannabis product;

- (b) the market prices of cannabis being sold off of the Territory, and in particular in Montreal and the South Shore areas, using information from:
 - (i) the Société québécoise du cannabis published prices;
 - (ii) the Price of Weed website; and
 - (iii) any other reputable source of information;
 - (c) written submissions made to the Board from licence holders;
 - (d) written submissions made to the Board by the Health and Safety Committee; and
 - (e) any other information that the Board, in its sole discretion, considers to be accurate, reliable and relevant.
6. The Board may retain expert assistance to assist it in establishing maximum and minimum prices for cannabis products.
7. The Board may at any time vary the minimum or maximum prices for which any cannabis product can be sold in the Territory.
8. The prices established by the Board will be communicated in writing to each licence holder and will be published on the Board's website.
9. A licence holder must not sell any cannabis product at a price that is lower than the minimum price or higher than the maximum price established by the Board.
10. In the event a licence holder fails to comply with the foregoing section, the Board will levy one or more of the following sanctions:
- (a) a non-compliance warning;
 - (b) suspension or revocation of the subject licence;
 - (c) a fine of not less than One Thousand (\$1,000.00) Dollars and not more than One Hundred Thousand (\$100,000.00) Dollars.

NON-ONKWEHÓN:WE ROYALTY

11. To preserve fairness in the cannabis market within and outside the Territory, when purchasing cannabis from a dispensary non-Onkwehón:we consumers must pay an additional point of sale royalty equal to Eight (8%) per cent of the purchase price (the "non-

Onkwehón:we royalty”).

12. The Board may, from time to time, vary the amount of the non-Onkwehón:we royalty.
13. The amount of the non-Onkwehón:we royalty established by the Board will be communicated in writing to each licence holder and will be published on the Board’s website.
14. The Distribution Licence holder must add an amount equal to the non-Onkwehón:we royalty to the cost of all cannabis products distributed to a Dispensary Licence holder.
15. A Dispensary Licence holder must charge and collect the non-Onkwehón:we royalty on all sales of cannabis products to consumers unless the consumer produces at least one (1) of the following forms of identification (“accepted identification”):
 - (a) a valid card or other documentation issued by a recognized First Nation or Tribal governmental entity;
 - (b) a valid “Indian status card” issued by Indigenous Services Canada;
 - (c) a valid “tribal ID card” issued by a tribal or government authority in the United States.
16. If requested to do so, the Board will provide guidance to a Dispensary Licence holder as to whether the particular form of identification produced by a consumer can be considered accepted identification.
17. If a consumer produces a form of accepted identification, the Dispensary Licence holder will:
 - (a) not charge the consumer the non-Onkwehón:we royalty;
 - (b) record the following information, in a form or system prescribed by the Board:
 - (i) the amount of the sale;
 - (ii) the name of the consumer; and
 - (iii) the type of accepted identification produced by the consumer.
18. A Dispensary Licence holder may, on a monthly basis, apply to the Distribution Licence holder, in a form prescribed by the Board, for

reimbursement of the amount of non-Onkwehón:we royalties on sales to Onkwehón:we consumers.

19. Provided the requirements of sections 15, 16 and 18 have been fulfilled, the Dispensary Licence holder will reimburse Dispensary Licence holders the amount of non-Onkwehón:we royalties on sales to Onkwehón:we consumers.
20. The net amount of non-Onkwehón:we royalties collected by the Distribution Licence holder, after deducting reimbursements to Dispensary Licence holders, will be remitted to Council on a quarterly basis.
21. Council will apply the non-Onkwehón:we royalties remitted by the Distribution Licence holder to fund the Board's operational costs and will deposit any excess amounts to the Kahnawà:ke Social and Economic Development Fund.
22. The Distribution Licence holder and all Dispensary Licence holders must maintain the records referenced in the foregoing sections for at least one (1) year from the date of any particular transaction.

MANDATORY COMMUNITY CONTRIBUTIONS

23. The Board, in consultation with Council, has determined that the formula for mandatory community contributions prescribed in section 22.1 of the Law will be as follows:

(a) a non-exempt licence holder of a standard cultivation or standard processing licence must provide to Council an ownership interest in the licence holder's entity in a form satisfactory to Council per s. 16.4 of the Law, which Council may forego at its own discretion if done so expressly in writing;

(a)(b) a non-exempt licence holder that is a corporation must provide pay to Council to be deposited in, or an entity designated by Council the Kahnawà:ke Social and Economic Development Fund pursuant to s. 22.3 of the Law;

(i) 0.5% ~~gross revenue~~ total cannabis revenue in Year 1 payable annually;

(ii) 1% total cannabis revenue ~~gross revenue~~ in Year 2 payable annually;

(iii) 1.5% total cannabis revenue ~~gross revenue~~ in Year 3 payable annually;

(iv) 2% total cannabis revenue ~~gross revenue~~ in Year 4 payable annually; and

(v) 2.5% total cannabis revenue ~~gross revenue~~ in Year 5 and on, payable annually.

(i) a five (5%) per cent ownership interest in the

- ~~(i) — corporation, in a form satisfactory to Council; and~~
- ~~(ii) —~~
- ~~(iii) — one half of one per cent (0.5%) of the licence holder's gross revenue, payable quarterly; and~~
- ~~(iv) —~~
- ~~(v) — for a non-exempt licence holder that is a not a corporation, the licence holder must provide to Council, or an entity designated by Council two and one half (2.5%) per cent of the gross revenue generated by the licence holder, payable quarterly.~~

~~24.~~ The formula for calculating mandatory community contributions set out in this Regulation will be reviewed by Council and the Board on an annual basis, or as directed by Council, and may be amended by the Board as necessary.

~~24-25.~~ The Board shall have the authority to audit, or have audited by a third party of its choosing, the licence holder's financial documents to ensure the assessment of the mandatory community contribution.

GENERAL PROVISIONS

~~25-26.~~ The Distribution Licence holder and all Dispensary Licence holders must maintain the records referenced in the foregoing sections for at least one (1) year from the date of any particular transaction.

~~26-27.~~ The Board may, at its discretion or at the request of the Council, conduct an audit of the records maintained by the Distribution Licence holder or a Dispensary Licence holder, and any accounts or information related to the records, to ensure the requirements of this Regulation are being fulfilled.

~~27-28.~~ In the event the holder of a non-exempt licence fails to comply with the mandatory community contribution requirements in this Regulation, the Board will levy one or more of the following sanctions:

- (a) a non-compliance warning;
- (b) a direction to change the licence holder's procedures to ensure compliance with the Regulation;
- (c) suspension or revocation of the subject licence;
- (d) a fine of not less than One Thousand (\$1,000.00) Dollars and not more than One Hundred Thousand (\$100,000.00) Dollars.