

[AS PASSED BY THE NATIONAL ASSEMBLY]

A

Bill

to regulate the cultivation of cannabis plant, extraction, refining, manufacturing and sale of derivatives of the plant for medicinal and industrial use

WHEREAS it is expedient to enact a law for cultivation of cannabis plant, extraction, refining, manufacturing and sale for medicinal, industrial and other public uses;

AND WHEREAS the Islamic Republic of Pakistan is a signatory to the Single Convention on Narcotic Drugs, 1961, Article 23 of which recommends the establishment of an Agency of the Government to regulate the cultivation and production of cannabis and Article 28 of that Convention deals with cultivation and other matters related to opium poppy and for matters ancillary thereto;

It is hereby enacted as follows:-

1. Short title, extent and commencement.— (1) This **Act** shall be called the Cannabis Control and Regulatory Authority Act, 2024.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

2. Definitions.— (1) In this Act, unless there is anything repugnant in the subject or context,-

(a) "Authority" means the Authority established under section 3;

(b) "cannabis means-

(i) cannabis resin (charas) that is, the separated resin, whether crude or purified, obtained from the cannabis plant or leaves of the cannabis plant and also includes concentrated preparation and resin known as hashish oil or liquid hashish;

(ii) the flowering or fruiting tops of the cannabis plant excluding the seed and leaves when not accompanied by the tops from which the resin has not been extracted, by whatever name they may be designated or known and include all forms known as bhang, siddhi or ganja; and

(c) any mixture with or without neutral materials of any of the above forms of cannabis or any drink prepared therefrom;

- (d) "cannabis plant" means a plant of cannabaceae family including cannabis sativa, cannabis indica and cannabis ruderalis. The cannabis plant has number of active ingredients which are collectively called Cannabinoids including but not limited to, -
 - (i) cannabidiol (CBD); and
 - (ii) tetra hydro cannabinol (THC);
- (e) "cannabis resin" means the separated resin, whether crude or purified, obtained from the cannabis plant;
- (f) "cultivation" means the cultivation of the cannabis plant or seeds for commercial, medical or industrial purposes or any other purpose as defined by the Federal Government from time to time;
- (g) "derivative" means any derivative of the cannabis plant, whether natural or synthetic, and includes derivatives which are directly or indirectly manufactured from any part of the cannabis plant for use in other industries, such as textile industry, pharmaceutical industry, food industry, construction industry, chemical industry, etc. or any other industry as defined by the Federal Government from time to time;
- (h) "Director General" means the Director General appointed under this Act;
- (i) "Division concerned" means the Cabinet Division to which the business of this Act stands allocated;
- (j) "Drug Regulatory Authority of Pakistan" or "DRAP" means the Drug Regulatory Authority of Pakistan established under the Drug Regulatory Authority of Pakistan Act, 2012 (XXI of 2012);
- (k) "Force" means the force as defined in the Anti-Narcotics Force Act, 1997 (III of 1997);
- (l) "hemp" means variant of cannabis plant;
- (m) "licence" means a licence issued under this Act;
- (n) "licensee" means a holder of a licence;
- (o) "manufacture" means all processes, other than production, by which cannabis plant derivatives are obtained, and includes refining;
- (p) "Member" means a Member of the Authority;
- (q) "policy" means the National Cannabis Policy prescribed under this Act;
- (r) "PCSIR" means the Pakistan Council of Scientific and Industrial Research established under the Pakistan Council

of Scientific and Industrial Research Act, 1973 (XXX of 1973);

- (s) "prescribed" means prescribed by rules or regulations made under this Act;
- (t) "production" means the separation of cannabis and cannabis resin from the plants from which they are obtained;
- (u) "regulated activity" means any activity in relation to the cultivation, producing, manufacture, product development and sale of cannabis or any of its parts or derivatives, for any purpose, and includes activities which are licensed and any other activity which may be regulated by rules;
- (v) "Regulation" means regulations made under this Act; and
- (w) "tetra hydro cannabinol" or "THC" content" means the percentage of tetra hydro cannabinol, a cannabis plant or its by-product contains;

(2) The words and expressions used but not defined herein shall have the same meanings as assigned to them in the Drugs Act, 1976 (XXXI of 1976), the Anti-Narcotics Force Act, 1997 (III of 1997), the Control of Narcotic Substances Act, 1997 (XXV of 1997), the Drug Regulatory Authority of Pakistan Act, 2012 (XXI of 2012), or any other law for the time being in force.

3. Establishment of the Authority.— (1) On the commencement of this Act, there shall stand established an Authority to be known as the Cannabis Control and Regulatory Authority to carry out the purposes of this Act under administrative control of Division concerned.

(2) The Authority shall be a body corporate with perpetual succession and a common seal, and may sue and be sued in its own name and, subject to and for the purposes of this Act, may enter into contracts and may acquire, purchase, take, hold, enjoy and possess movable and immovable property of every description and may convey, assign, surrender, yield up, charge, mortgage, demise, reassign, transfer or otherwise dispose of or deal with, any movable or immovable property or any interest vested in it.

(3) The headquarters of the Authority shall be at Islamabad and the Authority may set up offices at such places in Pakistan as it may deem fit.

(4) The common seal of the Authority shall be kept in the custody of the Director General or such other person as may be prescribed by regulations. The documents required to be executed under the common seal shall be specified and authenticated in such manner as may be prescribed by regulations.

4. Board of Governors.— (1) The General administration, supervision and control of the affairs of the Authority shall vest in the Board which shall consist of,—

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| (a) Secretary, Defence Division | Chairperson |
| (b) Secretary, Cabinet Division or his nominee not below the rank of (BPS-20) | Member |
| (c) Secretary, Ministry of Law and Justice or his nominee not below the rank of (BPS-20) | Member |
| (d) Secretary, Ministry of National Food Security and Research or his nominee not below the rank of (BPS-20) | Member |
| (e) Chief Secretary of each Province or his nominee not below the rank of (BPS-20) | Members |
| (f) two members from whom— | |
| (i) one member from private sector who is a professional of known integrity and eminence holding master degree in the field of public policy having experience not less than ten years; | Member |
| (ii) one member from private sector who is a professional of known integrity and eminence holding master degree in the field of natural sciences having experience not less than ten years; | Member |
| (g) two Members of the National Assembly including one woman Member nominated by the Honorable Speaker of the National Assembly; | Ex-officio Member |

(h) the Chairman of the PCSIR or any other officer nominated by the Chairman, PCSIR not below the rank of BPS-20;	Ex-officio Member
(i) a representative of the Inter-Services Intelligence not below the rank of Deputy Director General nominated by the head of intelligence agency;	Ex-officio Member
(j) a representative of the Intelligence Bureau not below the rank of Deputy Director General nominated by the head of intelligence agency;	Ex-officio Member
(k) one member from Anti-Narcotics Force not below the rank of BPS-20;	Ex-officio Member
(l) one member from DRAP not below the rank of BPS-20	Ex-officio Member
(m) Director General	Member/Cum Secretary

(2) The Members under clause (f) of sub-section (1) shall be appointed by the Prime Minister, on the recommendations of the Division concerned, on such terms and conditions as may be prescribed by rules.

(3) The Members appointed under clause (f) of sub-section (1) shall hold office for a period of four years which term may be extended for a further period of four years on demonstration of satisfactory performance:

Provided that no Member shall be appointed or continue in office if he has attained the age of sixty-three years.

(4) The Members under clause (f) of sub-section (1) may, by writing, under his hand addressed to the Prime Minister, resign from office.

(5) The Members under clause (f) of sub-section (1) may be removed by the Prime Minister from office if he is found incapable of performing the functions of office by reason of mental or physical incapacity or has been found guilty of misconduct or fails to attend two consecutive meetings of the Board or fails to disclose a conflict of interest as provided for under this Act.

(6) The Members shall be entitled to such remuneration for attending meetings of the Authority as may be prescribed by regulations.

(7) The Board shall, in the discharge of its functions, be guided on questions of policy by such directions as the Federal Government may give from time to time.

(8) If any question arises as to whether any matter is a matter of policy or not, the decision of the Federal Government in respect thereof shall be final.

5. Functions of the Board.—(1) The Board shall have the following functions.—

- (a) subject to sub-section (3), take policy decisions as well as to advise the Federal Government on all matters relating to policy on cannabis including recommending addition, alteration or omission in the policy under this Act;
- (b) prepare annual report for information to the Federal Government about implementation of policies under this Act;
- (c) to review relevant provisions of the Act and suggest amendments to the Federal Government whenever required;
- (d) to appoint sub-committees of experts from Government and non-governmental organizations for deliberations in areas related to the functions of the Authority;
- (e) consider and approve, with or without modification, any regulations, with respect to implementation of policy decisions proposed to be made by the Authority under this Act;
- (f) formulate procedures and necessary framework for utilization of funds generated or acquired through services, donations, investments or grants, etc.;
- (g) specify and propose fees, administrative penalties and other charges chargeable by the Authority with the approval of Federal Government for carrying out the purposes of this Act; and
- (h) issuing licences for activities requiring a licence under this Act;
- (i) supervising and monitoring licences and licensees and other persons subject to this Act;
- (j) specifying standards and quality controls to be adhered to by licensees or other persons involved in the cultivation, production, manufacture, product development and sale of the cannabis or any of its derivatives;

- (k) issuing, on at least an annual basis, the minimum and maximum area on which cultivation shall be allowed to a licensee;
- (l) recommending addition, alteration or omission in the policy;
- (m) coordinating with the Provincial Governments regarding implementation of this Act and the policy and any rules and regulations made thereunder;
- (n) undertaking research, development, enabling research and development in the area of cannabis plant cultivation, production, and manufacture of cannabis derivatives;
- (o) coordinating and cooperating with international counterparts, including implementation of international commitments of Pakistan, the transfer of technical know-how and adoption of best practices in the development of a cannabis market;
- (p) coordination with the Force with respect to specifying security standards in the growth, cultivation, storage and any other manner of handling of the cannabis plant and its derivatives, as needed;
- (q) issuing requisite certifications to licensees applying for a license to manufacture any pharmaceutical, herbal or nutraceutical derivative under the provisions of this Act;
- (r) maintain, in consultation with the Force, a list of individuals or entities who are known to have violated the applicable legal framework for control of narcotic substances;
- (s) maintain laboratories and testing facilities for research and development purposes as well as to ensure compliance through control over licensees and other persons with the provisions of this Act; and
- (t) any other function ancillary, incidental or connected with the purposes of this Act.

(2) All policy decisions, including the change in the previously established policy, in respect of all and any matters within the jurisdiction of the Authority shall be made only by the Board after approval of the Federal Government.

(3) All policy decisions and directives of the Board shall be published in the official Gazette.

(4) The Authority may, with regard to its functions and to exercise its powers efficiently, organize itself into divisions, wings or such other sub-divisions as it may consider expedient.

6. Meetings of the Board.— (1) The meetings of the Board shall be convened by and under the directions of the Chairperson:

Provided that the Federal Government may direct convening of a meeting of the Board at any time, on any matter requiring a decision by the Board.

(2) The Board shall meet as often as may be necessary for the performance of its functions but it shall meet not be less than two times in a calendar year.

(3) A simple majority of the total membership shall constitute the quorum for a meeting of the Board. Agenda of the meeting shall be presented only once the quorum is complete. The decision of the Board shall be adopted by simple majority of the Members present and voting:

Provided that a Member may participate and vote through video link.

(4) Subject to the provisions of this Act, the Chairperson may give directions regarding the procedure to be followed at or in connection with any meeting of the Board.

(5) No act or proceedings of the Board shall be invalid by reason only of the existence of a vacancy in or defect in the constitution of the Board.

(6) In case the Chairperson is absent or his office is vacant for any reason, the Secretary Cabinet Division shall chair the meetings of the Board.

(7) The Authority may, with the prior approval of the Government, co-opt any other person as a member with no right to vote.

7. Director General.— (1) There shall be a Director General of the Authority who shall be appointed by the Prime Minister at such remuneration and on such terms and conditions as may be prescribed by regulations.

(2) An officer serving under service of Pakistan shall also be eligible to serve as Director General of the Authority:

Provided that such officer shall not be below the rank of BPS 21 or equivalent thereof.

(3) The Director General shall be responsible to the Authority for the day to day administration of the business of the Authority and shall discharge such duties and perform such functions as are assigned to him by the Board. The Director General shall also be principal accounting officer of the Authority.

(4) In case, the Director General is retired, absent or unable to act and no acting or current charge appointment has been made by the Authority, the Authority may authorize an officer of the Authority to perform temporarily the functions of the Director General:

Provided that the Federal Government may ensure the appointment of a Director General on a regular basis preferably within one hundred and twenty days from the date the post of the Director General falls vacant.

(5) The officers of the Authority shall have such powers and shall perform such functions as may be assigned to them by the Director General.

8. Appointment of employees, advisers and consultants of the Authority.— (1) The Authority may, from time to time, employ persons to be employees, consultants and agents and technical, professional and other advisers of the Authority to transact any business or to do any act required to be transacted or done in the exercise of its powers, the performance of its functions or for the better implementation of the provisions of this Act, and who shall be paid such remuneration and allowances and shall hold their employment on such terms and conditions as may be determined by the Authority under the regulations made under this Act.

(2) The employees of the Authority shall hold office during the pleasure of the Authority and shall be liable to disciplinary action in accordance with the procedure laid down by the Authority under the regulations made under this Act.

(3) The Members and other persons employed under this section, when acting or purporting to act in pursuance of any of the provisions of this Act or the rules and regulations, shall be public servants within the meaning of section 21 of the Pakistan Penal Code, 1860 (Act XLV of 1860), however they shall not be civil servants within the meaning of the Civil Servants Act, 1973 (LXXI of 1973).

9. Delegation.— (1) The Authority may, by general or special order and subject to such conditions as it may deem fit to impose, delegate to the Director General, a member, or an officer of the Authority, all or any of its powers or functions under this Act.

(2) The Federal Government may, by notification in the official Gazette, delegate all or any of the Authority's powers under this Act and the rules and regulations made thereunder to any other agency or department of the Federal Government or to a Provincial Government with the consent of such Government, except—

- (a) the power to grant, reject, amend, vary or revoke licences or any condition thereof; or
- (b) the power to recommend rules or make or repeal regulations made under this Act.

10. Indemnity.— No suit, prosecution or other legal proceedings shall lie against the Director General, Members or any employee of the Authority or other persons engaged by the Authority for anything done in good faith or intended to be done in pursuance of this Act or any rules or regulations made hereunder.

11. Disclosure of interest by Members.— (1) For the purpose of the provisions of this Act, a person shall be deemed to have an interest in a matter if he has any direct or indirect financial interest, or has any connection with any other person in such manner which could reasonably be regarded as giving rise to a conflict between his duty to honestly perform his functions under this Act and such interest, so that his ability to consider and decide any question impartially or to give any advice without bias, may reasonably be regarded as impaired.

(2) The Director General or a Member having any interest in any matter to be discussed or decided by the Board or any of its committees shall, prior to any discussion of the matter, disclose in writing to the Board, the fact of his interest and the nature thereof.

(3) A disclosure of interest under sub-section (2) shall be recorded in the minutes of the Board prior to any discussion of or decision on the matter.

(4) The Director General or a Member who fails to disclose their interest as required by this section shall be guilty of an offence and shall be liable to pay a fine of up to one hundred million rupees, and in case it is established that any individual, including the Member themselves, has profited from such non-disclosure, shall be liable to imposition of further fine of up to three times of the amount of profit as determined by the enquiry under the provisions of this Act.

(5) It shall be a valid defence for a person charged with an offence under sub-section (4), if he proves that he was not aware of the facts constituting the offence and that he exercised due care and diligence in discovering those facts which he ought reasonably to have known in the circumstances.

(6) Upon being appointed, Director General or a Member shall give written notice to the Board of all direct or indirect pecuniary interests that he has acquired or acquires in any body corporate carrying on a business in the Islamic Republic of Pakistan. The nature of such interests and the particulars and any changes thereof shall be disclosed in the annual report of the Authority.

12. Notification of interest by others.— (1) Where a person who, in the course of—

- (a) performing a function or exercising a power, as an employee of the Authority; or
- (b) performing a function or services in any capacity by way of assisting or advising the Authority or any of its committees or any delegate of the Authority, is required to consider a matter in which they have an interest,

such person shall forthwith give to the Board a written notice stating that they are required to consider the matter and have an interest in it and setting out particulars of the interest.

(2) The persons referred to under sub-section (1) shall also declare their interest in accordance with the said sub-section whenever it is necessary to avoid a conflict of interest.

(3) Any person referred to under sub-section (1) who fails to disclose his interest as required by this section shall be guilty of an offence and shall be liable to a fine not exceeding seventy-five million rupees, and in case it is established that any individual, including the employee themselves, has profited from such non-disclosure, shall be liable to further fine of up to three times of the amount of profit as determined by an enquiry undertaken by the Authority.

(4) It shall be a valid defence for a person charged with an offence under sub-section (3), if he proves that he was not aware of the facts constituting the offence and that he exercised due care and diligence in discovering those facts which he ought reasonably to have known in the circumstances.

13. National cannabis policy.— (1) The Federal Government shall, from time to time, prepare and prescribe a national cannabis policy governing all aspects of a cannabis plant derivatives market from cultivation to sale and production locally as well as for purposes of export and conditions of import of cannabis or its derivatives:

Provided that in development of the policy under this section, the Federal Government may seek such input and assistance from the Authority and the Provincial Governments as may be required.

(2) Without prejudice to the generality of sub-section (1), the policy shall provide for, inter alia,—

- (a) bringing illegal cannabis plant cultivation, production, manufacture, product development and sales within the regulatory framework of this Act;

- (b) financial and non-financial incentives to encourage the development of a market for cannabis plant derivatives based market in a manner which generates economic growth for the country without compromising public safety;
- (c) consumer protection and public safety mechanisms, including labeling of cannabis derivatives, consumer education and awareness etc.;
- (d) the manner in which a licensee for cultivation of cannabis with a THC content of less than 0.3 percent shall be required to undertake the licensed activities; and
- (e) the manner in which a licensee for cultivation of cannabis with a THC content of more than 0.3 percent shall be required to undertake the licensed activities.

(3) The Federal Government may either on its own motion or on recommendation of a Provincial Government, review or revise the policies referred under sub-section (1).

14. Fund.— (1) There is hereby established, for the purposes of this Act, a Fund to be administered and controlled by the Authority.

(2) The Fund shall consist of-

- (a) such sums as the Federal Government or a Provincial Government may from time to time, grant;
- (b) grants of money and sums borrowed or raised by the Authority for the purposes of meeting any of its obligations or discharging any of its duties;
- (c) fees, administrative penalties or other charges levied under this Act;
- (d) all other sums or property which may in any manner become payable to or vested in the Authority in respect of any matter incidental to the exercise of its functions and powers; and
- (e) any other sources as may be notified by the Federal Government.

(3) The Authority shall conserve the Fund by performing its functions and exercising its powers under this Act so as to ensure that the total revenues of the Authority are sufficient to meet all sums properly chargeable to its revenue account.

15. Expenditure to be charged on the Fund.— (1) The Fund shall be expended for the purpose of paying any expenditure lawfully incurred by the Authority, including the remuneration of Members, and employees appointed under the provisions of this Act, including provident fund contributions, superannuating allowances or gratuities and legal fees and costs and other fees and costs.

(2) Within ninety days of its establishment, the Authority shall prepare and submit to the Federal Government for its approval, a budget for the period up to and including the end of the then current financial year and thereafter it shall, not later than thirty days before the expiry of each financial year, submit to the Federal Government for approval a budget for the next financial year.

(3) No expenditure shall be made for which provision has not been made in any approved budget except if made from any previously approved contingency funds, unless further approval is sought and obtained from the Board.

16. Audit and accounts.— (1) Subject to Article 169 and 170 of the Constitution of the Islamic Republic of Pakistan, the Authority shall cause proper accounts to be kept and shall as soon as practicable after the end of each financial year cause to be prepared for that financial year a statement of accounts of the Authority which shall include a balance sheet and an account of income and expenditure.

(2) Subject to Article 169 and 170 of the Constitution of the Islamic Republic of Pakistan, the Authority shall cause the statement of accounts to be audited by auditors, appointed by the Authority with the approval of the Federal Government, who shall be a firm of chartered accountants. Any casual vacancy in the office of auditor appointed under this section may be filled in by the Authority.

(3) The auditors shall make a report to the Federal Government, upon the annual balance sheet and accounts, and in any such report they shall state whether in their opinion the balance sheet is a full and fair bal-

ance sheet containing all necessary particulars and properly drawn up so as to exhibit a true and correct view of the affairs of the Authority and, in case they have called for any explanation or information from the Authority, whether it has been given and whether it is satisfactory.

(4) The Authority shall, within one hundred and twenty days of the end of each financial year, together with the annual report of the Authority under this Act, send a copy of the statement of accounts of the Authority certified by the auditors and a copy of the auditors' report to the Federal Government which shall cause them to be published in the official Gazette and laid before both Houses of the Majlis-e-Shoora (Parliament) within two months of their receipt.

17. Annual report.— (1) Within ninety days from the end of each financial year, the Authority shall cause a report to be prepared on the activities of the Authority including inspections made by the Authority under this Act during that financial year and release to the public and simultaneously send a copy of the report to the Federal Government.

(2) The Authority shall furnish report for national and international forums, organizations or agencies as required under any international obligations or existing laws.

18. Investment.— Subject to the Public Finance Management Act, 2019, the Authority may, in so far as its moneys are not required to be expended under this Act, invest in such manner as set out in section 20 of the Trusts Act, 1882 (II of 1882).

19. Bank Accounts.— Subject to the Public Finance Management Act, 2019, the Authority may open and maintain its accounts in rupees or in any foreign currency at such scheduled banks as it may from time to time determine.

20. Licensed activities.— (1) No person shall, except under authority of a licence issued by the Authority and subject to the conditions specified or prescribed under this Act, engage in-

(a) cultivation;

- (b) production;
- (c) manufacture;
- (d) product development and sale of and from cannabis plant derivatives; or
- (e) any other related activity as may be prescribed:

Provided that in case of an application for grant of licence for development of prescription and non-prescription drugs of all kinds from cannabis plant derivatives, whether used for pharmaceutical, herbal and nutraceutical purposes, the decision for grant of licence shall be taken in accordance with the provisions of this Act:

Provided further that a person who is carrying any activity regarding cannabis on the date of commencement of this Act, such person may be given a time period as determined by the Authority to comply with the provisions of this Act:

Provided further also that the Federal Government may, in the policy, prescribe different licensing conditions and incentives for different territories in Pakistan depending on climatic, security or investment potential of such areas:

(2) One licence may be issued for undertaking any or all of the activities set out in sub-section (1):

Provided that a licence for production and manufacture shall only be issued to a company registered under the Companies Act 2017, (XIX of 2017) whereas a licence only for cultivation may be issued to any person.

(3) The application for grant of a licence under this section shall be made in the prescribed manner and shall be accompanied by the prescribed fee.

(4) An application for grant of licence under this section shall, in addition to such information as may be specified through rules, also specify—

- (a) for cultivation,—

- (i) the specification of the land, including size and location etc., where the applicant intends to cultivate, along with proof that the applicant has the unrestricted right to use such land for cultivation for the period of validity of the licence being sought;
- (ii) the method of cultivation which the applicant intends to use; and
- (iii) the purpose for which the applicant is cultivating.
- (b) for production or manufacturing,—
 - (i) the location of the production or manufacturing facility;
 - (ii) the method of production or manufacturing he proposes to employ; and
 - (iii) details of equipment the applicant shall be using for production or manufacturing; and
- (c) for product development and sales,—
 - (i) the intended sector in which the licensee intends to operate; and
 - (ii) evidence of manufacturing standards which ensure product compliance with applicable standards, whether international or national.

(5) A license issued under this section shall be valid for a period of five years and may be renewed thereafter subject to compliance with this Act and any additional conditions of licence imposed thereunder.

(6) A license issued under this section shall be non-transferrable and non-assignable.

(7) A license under this section shall be issued by the Authority after security clearance of the Force, Intelligence Bureau and Inter-Services Intelligence or any other enforcement agency as declared by the Authority for this purpose, from time to time.

21. License for use of cannabis plant derivatives for pharmaceutical, herbal and nutraceutical purposes.— (1) Notwithstanding anything contained in the Drugs Act, 1976 (XXXI of 1976), and the Drug Regulatory Authority of Pakistan Act, 2012 (XXI of 2012), for consideration of an application for licence to develop prescription and non-prescription drugs of all kinds from cannabis plant derivatives, whether used for pharmaceutical,

herbal and nutraceutical purposes, a committee comprising the following shall be constituted,-

- (a) the Director General;
- (b) Chief Executive Officer of DRAP appointed under section 5 of the Drug Regulatory Authority of Pakistan Act, 2012 (XXI of 2012);
- (c) two senior persons who are either Members or employees of the Authority to be nominated by the Chairperson of the Authority; and
- (d) one senior person who is either a Member of the Board, or employee of DRAP to be nominated by the Chairperson of the Board of DRAP.

(2) The committee constituted under sub-section (1) shall recommend the procedure to be prescribed for considering and issuing licences for the development of prescription and non-prescription drugs of all kinds from cannabis plant derivatives, whether used for pharmaceutical, herbal and nutraceutical purposes to the Federal Government through the Authority, and such procedure shall—

- (a) account for the conditions of licence imposed under the policy;
- (b) consider any certification of a cannabis plant derivative issued by the Authority as definitive;
- (c) ensure an expeditious and simplified process of issuance of licence;
- (d) ensure prompt registration of prescription and non-prescription drugs; and
- (e) require evidence of manufacturing standards which ensure product compliance with applicable standards, whether international or national.

(3) The members of the committee constituted under sub-section (1) shall select one among themselves to chair each meeting.

(4) The quorum for meeting shall be three and all decisions of the committee shall be taken by majority of the members present and voting.

22. Duties of licensees.— (1) A licence shall be under a duty to ensure compliance with the conditions of licence imposed by this Act, the rules and regulations made under this Act.

(2) A licensee shall not use any machinery or equipment for the cultivation, storage, transport and any other manner of handling of the cannabis or any of its parts except in such manner as may be prescribed by rules in consultation with the Force.

(3) Where a licensee is a company, the licensee shall be required to notify the Authority of any proposed change in its substantial shareholding and every proposed change of board of directors and the Authority may undertake such enquiries into the particulars of proposed shareholders of the licensee or its board as may be needed to ensure that the licensee shall not act in a manner detrimental to the conditions of his licence or the general public.

(4) A licensee shall package any product which shall directly or indirectly be used by the general public or for an industrial purpose, in such manner which clearly and unambiguously states—

- (a) the THC content of such product;
- (b) the intended use of such product;
- (c) the source of the THC content; and
- (d) any other information as may be prescribed by rules.

(5) A licensee shall give one percent of its annual revenues to the fund of the Authority.

23. Performance standards.— (1) The Authority shall specify safety and performance standards for regulated activities to ensure—

- (a) compliance with good manufacturing practices and good agricultural practices where applicable;
- (b) effective monitoring of THC content in cannabis plant derivatives;
- (c) safe consumption of products developed from cannabis plant derivatives; and
- (d) ease of stability and other testing required for effective regulation under this Act.

(2) In the development of standards under sub-section (1), the Authority shall undertake meaningful consultation with the Force and the Drug Regulatory Authority of Pakistan.

24. Power of inspection.— (1) The Authority shall, for each calendar year, develop a schedule of inspections of all licensees, which shall not be made public, and each licensee shall facilitate the employees authorized by the Authority in this regard in undertaking inspections of their premises.

(2) In addition to the general power of inspection under sub-section (1), the Authority may, on suspicion or on receipt of a complaint that any person is violating the provisions of this Act, the policy or any rules and regulations issued thereunder, authorize in writing one or more of its employees to exercise the following powers of the Authority,—

- (a) enter any relevant premises without warrant to determine whether there is *prima facie* a violation of this Act or the rules and regulations made thereunder;
- (b) require any person, who is believed to be in possession of or has under his control any relevant information, record or document, to produce that information, record or document before him, and make copies thereof if required;
- (c) make inquiries of a licensee, or any other person suspected to be in violation of this Act or the rules and regulations made thereunder; and
- (d) seek financial information from concerned entities regarding transactions suspected to be undertaken in violation of this Act or the rules and regulations made thereunder.

(3) Any person who, without reasonable case, fails to comply with a requirement imposed on him by an authorized person under sub-section (1) or sub-section (2) commits an offence under this Act and shall be punishable with imprisonment which may extend to three years or with fine which may extend to two hundred million rupees or with both.

(4) The Authority shall be empowered to seek assistance from the Force or any other police force anywhere in the country, in furtherance of its powers of inspection under this section.

25. Application of Act No. XXV of 1997.— (1) For trial of criminal offences committed under this Act, the provisions of Control of Narcotic Substances Act, 1997 (XXV of 1997), and any other law for the time being in force shall apply *mutatis mutandis*.

26. Penalty for default or contravention.— (1) Any person who acts in contravention of any provision of this Act or the rules and regulations made thereunder or fails to comply with the conditions of a licence issued to that person and any other person who is a party to such contravention shall be liable for penalty, in case of—

- (a) a company, with a minimum fine of ten million Rupees which may extend to two hundred million Rupees and, in the case of a continuing default, with an additional fine which may extend to one hundred thousand Rupees for every day during which the contravention continues; and
- (b) an individual, with a minimum fine of one million Rupees which may extend to ten million Rupees and, in the case of a continuing default, with an additional fine which may extend to ten thousand Rupees for every day during which the contravention continues:

Provided that a fine shall only be imposed under this section by the Authority on such terms and conditions as may be prescribed by rules.

27. Appeal.— (1) A person aggrieved by any decision or order of the Authority on the ground that it is contrary to any provision of this Act, may, within thirty days of the decision or the order, prefer appeal to the High Court in the manner as may be prescribed and the High Court shall decide such appeal within ninety days.

(2) A person aggrieved by any decision or order of any officer of the Authority acting under the delegated powers of the Authority may, within thirty days of the receipt of the decision or order, appeal to the Authority in prescribed manner and the Authority shall decide such appeal within thirty days.

28. Prohibition order.— (1) The Authority may, after recording reasons in writing, for continuing violations of this Act or the rules or regulations made thereunder,—

- (a) prohibit a person from undertaking any regulated activity;
or
- (c) require any person to cancel their dealings with a person undertaking a regulated activity.

(2) The Authority may, either on its own motion or on the application of a person, against whom a prohibition or requirement has been imposed under sub-section (1), rescind or vary such prohibition or requirement if the Authority is satisfied that no violation of this Act or rules or the regulations made thereunder exists to that extent.

29. Suspension and revocation.— (1) Notwithstanding anything contained under the provisions of this Act, the Authority may suspend or revoke any licence granted under this Act for consistent failure of the person to comply with the provisions of this Act or the rules and regulations made thereunder:

Provided that before taking action under this section, the Authority shall issue a notice to show cause and may provide an opportunity to rectify the omission subject to such conditions as the Authority may specify.

(2) Where the Authority revokes or suspends a licence, it may undertake all or any of the following actions for continuance of the facilities covered under the licence, namely—

- (a) permit the relevant person to continue operating such facilities under such terms and conditions as the Authority may specify;
- (b) enter into contract with another person to immediately take over the operation of the facilities; or
- (c) appoint an administrator to take over the operation of the facilities.

(3) The actions specified in sub-section (2) may continue till a successor takes over the charge of the facilities on such terms and conditions as the Authority may determine including payment of compensation for the plant, machinery and other equipment installed at a facility.

30. Coordination with the Force.— (1) In addition to coordination with the Anti-Narcotics Force, the Authority shall, on reasonable suspicion of an offence being committed under the Control of Narcotics Substances Act 1997, (XXV of 1997) by a person undertaking a regulated activity, either on the basis of an inspection under this Act or otherwise, make a reference

to the Force to take any or all actions against such person as required by law.

(2) The Force shall be competent to enter any place for inspection under the Anti-Narcotics Act, 1997 (III of 1997) and the Control of Narcotic Substances Act, 1997 (XXV of 1997) or any other law for the time being in force.

31. Power to make rules.— (1) The Federal Government may, on its own motion or on the recommendation of the Authority, by notification in the official Gazette, make rules for all or any of the matters in respect of which it is required to make rules to carry out the purposes of this Act, including, without limiting the generality of this section, for the following matters, namely:—

- (a) protocols or disposal of illegal cannabis or its derivatives as may be seized by the competent authority, including conditions of re-circulation or destruction of such cannabis, or its derivatives;
- (b) matters to be covered by the policy;
- (c) conditions governing imports and export of cannabis and its derivatives; and
- (d) any matter ancillary and incidental to the above.

(2) The power to make rules conferred by this section shall be subject to the condition of previous publication and before making any rules the draft thereof shall be published in the official Gazette for eliciting public opinion thereon within a period of not less than fifteen days from the date of publication and any comments received shall be compiled into a report along with the response of the Federal Government or the Authority, as the case may be, and such report shall be made public.

32. Power to make regulations.— (1) The Authority may make such regulations as may be required to carry out the purposes of this Act or the internal functions of the Authority.

(2) The power to make regulations conferred by this section shall be subject to the condition of previous publication and before making any regulations the draft thereof shall be published in two newspapers of wide

circulation for eliciting public opinion thereon within a period of not less than fifteen days from the date of publication, and any comments received shall be compiled into a report along with the response of the Authority, and such report shall be made public.

33. Act to override other laws.— (1) The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

34. Savings.— Save as otherwise provided in this Act, nothing in this Act shall curtail or deemed to affect or curtail the powers of the force under the Anti-Narcotics Act, 1997 (III of 1997) and the Control of Narcotic Substances Act, 1997 (XXV of 1997) or any other law for the time being in force.

35. Removal of difficulties.— If any difficulty arises in giving effect to or applying the provisions of this Act, the Federal Government may make such order, not inconsistent with this Act or the rules, as may be necessary for removal of such difficulty.

STATEMENT OF OBJECTS AND REASONS

The objectives of the Cannabis Control and Regulatory Authority is to ensure public health and safety by regulating the cultivation, extraction, refining, manufacturing and sale of Cannabis and its derivatives in accordance with international obligations and best practices. Furthermore, reduce illicit trafficking by legalizing and regulating the cultivation and production of Cannabis in designated areas thereby providing better margins directly to farmers and mitigating social harm. Promote local development of Cannabis based medicinal and industrial products, export generation and attracting Foreign Direct Investment (FDI).

2. This legislation aims to establish a clear regulatory framework to generate government revenue through taxation and to promote the development of a supply chain for industrial and medicinal Cannabis. Specify standards,

quality controls, and security measures to be adhered to by licensees and other entities involved in the cultivation, production, and sale of Cannabis and its derivatives. Undertake research, development, and capacity building initiatives in collaboration with international counterparts to promote the growth and development of the Cannabis industry in Pakistan.

Minister-in-Charge