

controlled substances to the registered location;

(3) Two employees of the transporting registrant shall load and unload or observe the loading and unloading of the controlled substances until transfer is complete;

(c) *Transport to a non-registered location.* If the controlled substances are transported by a registrant to a destruction location that is not a registered location, the following procedures shall be followed:

(1) Transportation shall be directly to the destruction location (the substances shall be constantly moving towards their final destruction location and unnecessary or unrelated stops and stops of an extended duration shall not occur);

(2) Two employees of the transporting registrant shall accompany the controlled substances to the destruction location;

(3) Two employees of the transporting registrant shall load and unload or observe the loading and unloading of the controlled substances;

(4) Two employees of the transporting registrant shall handle or observe the handling of any controlled substance until the substance is rendered non-retrievable; and

(5) Two employees of the transporting registrant shall personally witness the destruction of the controlled substance until it is rendered non-retrievable.

(d) *On-site destruction.* If the controlled substances are destroyed at a registrant's registered location utilizing an on-site method of destruction, the following procedures shall be followed:

(1) Two employees of the registrant shall handle or observe the handling of any controlled substance until the substance is rendered non-retrievable; and

(2) Two employees of the registrant shall personally witness the destruction of the controlled substance until it is rendered non-retrievable.

PART 1318—CONTROLS TO SATISFY THE REQUIREMENTS OF THE ACT APPLICABLE TO THE MANUFACTURING OF MARIHUANA

Sec.

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AUTHORITY: 21 U.S.C. 801(7), 821, 822(a)(1), (b), 823(a), 871(b), 886a.

SOURCE: 85 FR 82352, Dec. 18, 2020, unless otherwise noted.

§ 1318.01 Scope of this part.

Procedures governing the registration of manufacturers seeking to plant, grow, cultivate, or harvest marihuana are set forth by this part.

§ 1318.02 Definitions.

(a) Except as provided in paragraph (e) of this section, the term *cannabis* means any plant of the genus *Cannabis*.

(b) Except as provided in paragraph (e) of this section, the term *medicinal cannabis* means a drug product made from the cannabis plant, or derivatives thereof, that can be legally marketed under the Federal Food, Drug, and Cosmetic Act.

(c) Except as provided in paragraph (e) of this section, the term *cannabis preparation* means cannabis that was delivered to the Administration and subsequently converted by a registered manufacturer into a mixture (solid or liquid) containing cannabis, cannabis resin, or extracts of cannabis.

(d) Except as provided in paragraph (e) of this section, the term *cannabis resin* means the separated resin, whether crude or purified, obtained from the cannabis plant.

(e) As used in this part, the terms *cannabis*, *medicinal cannabis*, and *cannabis preparation* do not include any material, compound, mixture, or preparation that falls outside the definition of marihuana in section 102(16) of the

Controlled Substances Act (the Act) (21 U.S.C. 802(16)).

(f) The term *Single Convention* means the Single Convention on Narcotic Drugs, 1961 (18 U.S.T. 1407).

(g) The term *bona fide supply agreement* means a letter of intent, purchase order or contract between an applicant and a researcher or manufacturer registered under the Act.

(h) The term *registered researcher or manufacturer* means a person registered under the Act to perform research or manufacture of marihuana in Schedule I.

§ 1318.03 Implementation of statutory requirements.

(a) As provided in section 303(a) of the Act (21 U.S.C. 823(a)), the Administrator may grant an application for a registration to manufacture marihuana, including the cultivation of cannabis, only if he determines that such registration is consistent with the public interest and with United States obligations under the Single Convention.

(b) In accordance with section 303(a) of the Act and § 1301.44(a) of this chapter, the burden shall be on the applicant to demonstrate that the requirements for such registration have been satisfied.

§ 1318.04 Specific control measures applicable to the bulk manufacture of marihuana.

For a registration to manufacture marihuana that involves the cultivation of cannabis, the following provisions must be satisfied:

(a) All registered manufacturers who cultivate cannabis shall deliver their total crops of cannabis to the Administration, except as provided in paragraph (d). The Administration shall purchase and take physical possession of such crops as soon as possible, but not later than four months after the end of the harvest. The Administration may accept delivery and maintain possession of such crops at the registered location of the registered manufacturer authorized to cultivate cannabis consistent with the maintenance of effective controls against diversion. In such cases, the Administration shall designate a secure storage mechanism

at the registered location in which the Administration may maintain possession of the cannabis, and the Administration will control access to the stored cannabis. If the Administration determines that no suitable location exists at the registered location of the registered manufacturer authorized to cultivate cannabis, then the Administration shall designate a location for the authorized grower to deliver the crop as soon as possible, but not later than four months after the end of the harvest. However, in all cases the registrant must comply with the security requirements specified in part 1301 of this chapter.

(b) The Administration shall, with respect to cannabis, have the exclusive right of importing, exporting, wholesale trading, and maintaining stocks other than those held by registered manufacturers and distributors of medicinal cannabis or cannabis preparations. Such exclusive right shall not extend to medicinal cannabis or cannabis preparations. The Administration may exercise its exclusive right by authorizing the performance of such activities by appropriately registered persons. The Administration shall require prior written notice of each proposed importation, exportation, or distribution of cannabis that specifies the quantity of cannabis to be imported, exported, or distributed and the name, address, and registration number of the registered manufacturer or researcher to receive the cannabis before authorizing the importation, exportation, or distribution. All importation and exportation shall be performed in compliance with part 1312 of this chapter, as applicable. Under no circumstance shall a registered manufacturer authorized to grow cannabis import, export, or distribute cannabis without the express written authorization of the Administration.

(c) A registered manufacturer authorized to grow cannabis shall notify in writing the Administration of its proposed date of harvest at least 15 days before the commencement of the harvest.

(d) A registered manufacturer authorized to grow cannabis may distribute small quantities of cannabis to a registered analytical lab for chemical

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analysis by such analytical lab prior to the Administration purchasing and taking physical possession of the crop. The cannabis delivered to the analytical lab under such circumstances need not be delivered to the Administration pursuant to paragraph (a), provided such cannabis is destroyed by the analytical lab upon completion of the testing. Any such distribution of cannabis by a registered manufacturer to a registered analytical lab must comply with all applicable requirements of the Act and this subchapter, including but not limited to security and record-keeping requirements.

§ 1318.05 Application of the public interest factors.

(a) In accordance with section 303(a) of the Act (21 U.S.C. 823(a)), the Administrator shall consider the public interest factors set forth in paragraphs (a)(1) through (6) of this section:

(1) Maintenance of effective controls against diversion of particular controlled substances and any controlled substance in schedule I or II compounded therefrom into other than legitimate medical, scientific, research, or industrial channels, by limiting the importation and bulk manufacture of such controlled substances to a number of establishments which can produce an adequate and uninterrupted supply of these substances under adequately competitive conditions for legitimate medical, scientific, research, and industrial purposes;

(2) Compliance with applicable State and local law;

(3) Promotion of technical advances in the art of manufacturing these substances and the development of new substances;

(4) Prior conviction record of applicant under Federal and State laws relating to the manufacture, distribution, or dispensing of such substances;

(5) Past experience in the manufacture of controlled substances, and the existence in the establishment of effective control against diversion; and

(6) Such other factors as may be relevant to and consistent with the public health and safety.

(b) The Administrator's determination of which applicants to select will be consistent with the public interest

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factors set forth in section 303(a), with particular emphasis on the following criteria:

(1) Whether the applicant has demonstrated prior compliance with the Act and this chapter;

(2) The applicant's ability to consistently produce and supply cannabis of a high quality and defined chemical composition; and

(3)(i) In determining under section 303(a)(1) of the Act (21 U.S.C. 823(a)(1)) the number of qualified applicants necessary to produce an adequate and uninterrupted supply of cannabis under adequately competitive conditions, the Administrator shall place particular emphasis on the extent to which any applicant is able to supply cannabis or its derivatives in quantities and varieties that will satisfy the anticipated demand of researchers and other registrants in the United States who wish to obtain cannabis to conduct activities permissible under the Act, as demonstrated through a bona fide supply agreement with a registered researcher or manufacturer as defined in this subpart.

(ii) If an applicant seeks registration to grow cannabis for its own research or product development, the applicant must possess registration as a schedule I researcher with respect to marihuana under § 1301.32 of this chapter. As specified in § 1301.13 of this chapter, chemical analysis and preclinical research (including quality control analysis) are not coincident activities of a manufacturing registration for schedule I substances, including cannabis. In determining under section 303(a)(1) of the Act (21 U.S.C. 823(a)(1)) the number of qualified applicants necessary to produce an adequate and uninterrupted supply of cannabis under adequately competitive conditions, the Administrator shall consider the holding of an approved marihuana research protocol by a registered schedule I researcher seeking to grow cannabis for its own research or product development as evidence of the necessity of the applicant's registration under this factor.

(c) Applications accepted for filing after January 19, 2021 will not be considered pending for purposes of paragraph (a) of this section until all applications accepted for filing on or before

January 19, 2021 have been granted or denied by the Administrator. Where an application is subject to section 303(i) of the Act (21 U.S.C. 823(i)), that section shall apply in lieu of this paragraph (c).

(d) In determining the legitimate demand for cannabis and its derivatives in the United States, the Administrator shall consult with the U.S. Department of Health and Human Services, including its components.

§ 1318.06 Factors affecting prices for the purchase and sale by the Administration of cannabis.

(a) In accordance with section 111(b)(3) of Public Law 102-395 (21 U.S.C. 886a(1)(C)), seeking to recover the full costs of operating the aspects of the diversion control program that are related to issuing registrations that comply with the Controlled Substances Act, the Administration shall assess an administrative fee. To set the administrative fee, the Administration shall annually determine the preceding fiscal year's cost of operating the program to cultivate cannabis and shall divide the prior fiscal year's cost by the number of kgs of cannabis authorized to be manufactured in the current year's quota to arrive at the administrative fee per kg. The administrative fee per kg shall be added to the sale price of cannabis purchased from the Administration. The administrative fee shall be paid to the Diversion Control Fee Account.

(b) As set forth in § 1318.04, the Administration shall have the exclusive right of, among other things, wholesale trading in cannabis that it purchases from registered manufacturers. The Administration will, therefore, buy from such manufacturer, sell cannabis to registered researchers and manufacturers, and establish prices for such purchase and sale. The Administration will set such prices in the following manner:

(1) Bulk growers of cannabis shall negotiate directly with registered researchers and manufacturers authorized to handle cannabis to determine a sale price for their cannabis. Upon entering into a contract for the provision of bulk cannabis and prior to the exchange of cannabis, the parties shall

pay to the Administration an administrative fee assessed based on the number of kgs to be supplied. The administrative fee shall not be recoverable in the event that delivery is rejected by the buyer.

(2) The Administration shall sell the cannabis to the buyer at the negotiated sale price plus the administrative fee assessed on a per kg basis. Prior to the purchase of the cannabis by the Administration, the buyer shall pay the negotiated purchase price and administrative fee to the Administration. The Administration shall hold funds equal to the purchase price in escrow until the delivery of the cannabis by the grower to the Administration. The administrative fee shall not be recoverable in the event that delivery is rejected by the buyer.

(3) After receiving the purchase price and administrative fee from the buyer, the Administration shall purchase the cannabis from the grower, on behalf of the buyer, at the negotiated sale price. The Administration shall retain the administrative fee. In the event the buyer fails to pay the purchase price and the administrative fee, the Administration shall have no obligation to purchase the crop and may order the grower to destroy the crop if the grower cannot find an alternative buyer within four months of harvest.

(4) In instances where the grower of the cannabis is the same entity as the buyer of the cannabis, or a related or subsidiary entity, the entity may establish a nominal price for the purchase of the cannabis. The Administration shall then purchase the entity's cannabis at that price and sell the cannabis back to the entity, or a related or subsidiary entity, at the same price with the addition of the administrative fee.

(c) Administrative fees set in accordance with this part will be made available, on an updated basis, on the Administration's website, no later than December 15th of the year preceding the year in which the administrative fee will be collected.

(d) Nothing in this section shall prohibit the U.S. Department of Health and Human Services from continuing to fund the acquisition of cannabis for use in research by paying, directly or

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indirectly, the purchase cost and administrative fee to the Administration.

§ 1318.07 Non-liability of Drug Enforcement Administration.

The Administration shall have no liability with respect to the performance of any contractual terms agreed to by a grower and buyer of bulk cannabis, including but not limited to the quality of any cannabis delivered to a buyer. In the event that a buyer deems the delivered cannabis to be defective, the buyer's sole remedy for damages shall be against the grower and not the Administration.

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PART 1321—DEA MAILING ADDRESSES

AUTHORITY: 21 U.S.C. 871(b).

SOURCE: 75 FR 10685, Mar. 9, 2010, unless otherwise noted.

§ 1321.01 DEA mailing addresses.

The following table provides information regarding mailing addresses to be used when sending specified correspondence to the Drug Enforcement Administration.

TABLE OF DEA MAILING ADDRESSES

Code of Federal Regulations Section—Topic	DEA mailing address
DEA Administrator	
1308.43(b)—Petition to initiate proceedings for rulemaking. 1316.23(b)—Petition for grant of confidentiality for research subjects. 1316.24(b)—Petition for exemption from prosecution for researchers.	Drug Enforcement Administration, Attn: Administrator, 8701 Morrisette Drive, Springfield, VA 22152.
DEA Diversion Control Division	
1307.03—Exception request filing. 1307.22—Delivery of surrendered and forfeited controlled substances. 1310.21(b)—Sale by Federal departments or agencies of chemicals which could be used to manufacture controlled substances certification request. ²	Drug Enforcement Administration, Attn: Diversion Control Division/DC, 8701 Morrisette Drive, Springfield, VA 22152.