This document should not replace a careful review of the Act (R.I. Gen. Laws § 21-28.6-1 et seq.) or the Regulations (230-RICR-80-05-1); licensees are responsible for complying with all requirements contained therein including providing compliant Form 2 disclosures.

1. Who needs to be listed on the Form 2?

All “Interest Holders” and/or “Key Persons” of a Marijuana Establishment Licensee (i.e., compassion centers, cultivators, and cannabis testing laboratories) must be listed on the Form 2.

[230-RICR-80-05 §§ 1.1.1(A)(23), 1.2(C)(4)(h), & 1.3(E)(5)(d)-(i)].

2. Who is an Interest Holder or Key Person?

Interest Holders and Key Persons include:

<table>
<thead>
<tr>
<th></th>
<th>All persons and entities that hold any ownership interest in the Licensee</th>
<th>Form 2, Part I, Sec. A</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>All officers, directors, managers, members or agents of the Licensee</td>
<td>Form 2, Part I, Sec. B</td>
</tr>
<tr>
<td>b.</td>
<td>All persons and entities that have managing or operational control of the Licensee, its operations, the license, or the licensed facilities</td>
<td>Form 2, Part I, Sec. C</td>
</tr>
<tr>
<td>c.</td>
<td>All persons and entities that hold interests under management companies, management agreements or other agreements that afford management or operational control of the Licensee, its operations, the license or the licensed facilities</td>
<td>Form 2, Part I, Sec. E</td>
</tr>
<tr>
<td>d.</td>
<td>All persons and entities with any investment or other financial interest in the Licensee, its operations, the license or the licensed facilities</td>
<td>Form 2, Part I, Sec. D</td>
</tr>
<tr>
<td>e.</td>
<td>As to any entity that is disclosed per any of the above (a)–(e), the Licensee must also disclose all persons and entities that hold interests in that entity until disclosures are down to the individual person level</td>
<td>Can attach as addendum to Form 2</td>
</tr>
<tr>
<td>f.</td>
<td>As to any person or entity that is not already disclosed per any of the above (a)-(e), but who will loan or otherwise provide money, property interests, equipment or other proprietary rights (e.g., an arms-length third party lender, landlord of property, an equipment leasing company, etc.), those persons and entities should be disclosed</td>
<td>Part II of Form 2</td>
</tr>
</tbody>
</table>

[230-RICR-80-05 §§ 1.1.1(A)(23), 1.2(C)(4)(h), & 1.3(E)(5)(d)-(i)].
3. **Are “passive investors” or individuals with small amounts of equity exempted from disclosure on the Form 2?**

The only exception to the disclosure requirements for investment and equity Interest Holders is for individuals or entities that own stock below a specified threshold in a public company listed on a major stock exchange. When this exception applies, disclosure requirements match the disclosure requirements for the exchange on which the public company is listed. At this time, all small-percentage Interest Holders of non-public companies must be disclosed.

[230-RICR-80-05-3].

4. **Who needs to obtain a Registry Identification Card?**

All principal officers, board members, employees, agents, and volunteers of a compassion center or licensed cultivator must apply and obtain a Registry Identification Card. Registry Identification Cards expire one year after the date of issuance.

[R.I. Gen. Laws §§ 21-28.6-12(c)(6) & 21-28.6-16(b); 230-RICR-80-05-1.4].

5. **Who needs to obtain a background check?**

With respect to licensees, and other entity required to be disclosed on the Form 2, all owners, members, officers, directors, managers, and agents are subject to the national criminal background check requirement. Unless otherwise required by OCR, national criminal background checks expire after two years.

NOTE: the expiration dates for an individual’s Registry Identification Card and their national criminal background check may occur at different times; licensees are responsible for tracking these dates to ensure compliant and timely renewals/submissions.

Employees without managerial or operational control are not subject to the national criminal background check requirement.

[R.I. Gen. Laws §§ 21-28.6-12(c)(7) & 21-28.6-16(k); 230-RICR-80-05-1.4(C)].

6. **What criminal background results would disqualify an individual from being eligible to obtain a Registry Identification Card as an Interest Holder/Key Person?**

While R.I. Gen. Laws §§ 21-28.6-12(c)(7) and 21-28.6-16(k) provide that persons are disqualified from registration based upon certain felony drug convictions and nolo contendere pleas, pursuant to P.L. 2020, ch. 65 and 71 enacted July 22, 2020, any denial of registration based upon a prior criminal conviction is subject to the requirements of R.I. Gen. Laws § 28-5.1-14 (i.e., the Fair Chance Licensing Act).
7. Can an individual or entity be an Interest Holder or Key Person in more than one Rhode Island Marijuana Establishment Licensee?

No. Marijuana Establishment Licensee Interest Holders may not have “material financial interest or control” in another Marijuana Establishment Licensee.

“Material financial interest or control” means:

a. Any ownership interest, regardless of the size of the holding, and including any ownership interest through a subsidiary or affiliate;
b. Trusteeship, mortgage, guarantor, endorser or surety relationship, or loan relationship, except that loan relationship for the purposes of this definition shall exclude accounts payable and accounts receivable on account of a medical marijuana purchase order;
c. Any other beneficial financial interest as determined by DBR such that the holder bears the risk of loss (other than as an insurer) or has an opportunity to gain profit from the operation or sale of the regulated medical marijuana business; and/or
d. Managerial or operational control, including but not limited to interlocking directors or officers or through a management agreement.

[R.I. Gen. Laws § 21-28.6-12(d)(5)(v); 230-RICR-80-05-01 §§ 1.1.1(30), 1.2(C)(4)(i), 1.2 (F)(7)(a), and 1.3(F)(5)].