

PUBLICATION

House-Approved SAFE Banking Act Raises Prospects for Canadian Cannabis Companies

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The *Secure And Fair Enforcement (SAFE) Banking Act* of 2021 ensures access to financial services to legitimate cannabis-related businesses. For Canadian cannabis companies eyeing the US market, this drastically improves the operational viability of American cannabis shops by opening up financing opportunities and avoiding the risks and costs associated with cash-only operations. In short, the Act allows banks to establish relationships with legitimate cannabis businesses.

Notably, the Act offers safe harbor and protections under federal law to depository institutions providing financial services to marijuana businesses. It also offers protections under federal law to federal reserve banks, federal home loan banks and insurers. This prevents federal regulators from sanctioning financial institutions for doing business with cannabis companies. This protection extends to banking services for legitimate hemp-related businesses.

It also mandates a study on diversity and the barriers to marketplace entry in the cannabis industry, including licensing and access to financial services, with the overarching goal of removing barriers and improving regulation.

Overall, the Act harmonizes federal and state law by ratifying banking operations for State-compliant cannabis businesses, ergo, improving prospects for Canadian owners looking to break into the US market.