



Conditional Licensee Grace Period for Demonstrating Adequate Capitalization

Linthicum, MD (August 18, 2025) - The Maryland Cannabis Administration (MCA) is issuing this bulletin to notify Conditional Licensees and other industry stakeholders, such as potential investors and lenders, of a grace period for demonstration of adequate capitalization.

As part of the licensing process in the current Social Equity licensing round, applicants that have been awarded a conditional license (conditional licensees) must file a complete supplemental license application within six months of the award of the conditional license. A component of the supplemental license application is a demonstration of adequate capitalization. The amount of capital that each conditional licensee must have depends upon the license type being pursued, but ranges from \$25,000 for a micro dispensary to \$500,000 for a standard grower.

Since demonstration of adequate capitalization is part of the supplemental license application, if a conditional licensee is not able to secure adequate capitalization within six months of award of the conditional license, the conditional license is subject to rescission by MCA pursuant to COMAR 14.17.05.05B(5).

MCA is aware of the difficulties many conditional and existing licensees face in raising capital in the cannabis industry. Last year, MCA adopted regulations that facilitate lenders taking a security interest in a cannabis license as part of our efforts to broaden the sources of funding available to conditional and existing licensees. We are aware that many roadblocks remain for our conditional licensees who are trying to secure start-up capital in order to open their doors, including the current economic climate.

Effective immediately, a grace period for submission of evidence of adequate capitalization is established for conditional licensees. The grace period extends through December 31, 2025, or 15 months after the award of the conditional license, whichever occurs last. MCA will not move to rescind any conditional licenses on the basis of the conditional licensee not being able to demonstrate adequate capitalization prior to December 31, 2025, or 15 months after the conditional license award, whichever occurs last.

Conditional licensees do not need to take any action to benefit from the grace period, which is automatically applied to all existing conditional licenses. Conditional licensees must continue to file the supplemental license application within 6 months of the conditional license award and provide any documentation related to adequate capitalization currently available to them. All other elements of the supplemental application (i.e., everything but for the demonstration of adequate capitalization) must be completed and submitted within 6 months of the conditional license award. Once adequate capitalization is secured, conditional licensees may amend the supplemental license application by providing the evidence of adequate capitalization.

As a reminder, conditional licensees must be operational within 18 months of the conditional license award and may request an extension of six months.

Please direct any questions regarding this bulletin to mca.reporting@maryland.gov.

¹ See COMAR 14.17.17; [Creditor Registration Form](#)
