OPERATING AGREEMENT ON DIRECT-TO-CONSUMER SALES OF ALCOHOLIC BEVERAGES

signed this 21st day of July, 2026

Between

Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, and Saskatchewan

(collectively the "Parties")

WHEREAS Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec, Saskatchewan and Yukon are signatories to the 2025 *Memorandum of Understanding on Direct-to-Consumer Sales of Alcoholic Beverages* (**MOU**), in which the parties to that MOU agreed to work towards permitting direct-to-consumer sales of alcoholic beverages made by alcoholic beverage producers;

AND WHEREAS the parties to that MOU agreed to endeavour to negotiate operating agreements or to develop their own frameworks respecting direct-to-consumer **(DTC)** sales by May 2026;

AND WHEREAS the consumption of alcohol has public health, social, and economic consequences, and the Parties affirm that this Agreement is intended to be implemented in a manner that does not undermine responsibility to mitigate those consequences;

AND WHEREAS the Parties do not want to impede or discourage future work towards implementing DTC sale systems among some or all of the Parties;

AND WHEREAS Article 1203 (Trade, Investment, and Labour Mobility) of the *CFTA* permits Parties to the *CFTA* to enter into bilateral or multilateral agreements to enhance trade, investment or labour mobility.

NOW THEREFORE, the Parties agree as follows:

I. GENERAL

1. Definitions

1.1 In this Agreement, except as otherwise provided:

a. **Agreement** means this *Operating Agreement on Direct-to-Consumer Sales of Alcoholic Beverages* and includes any amendments to this Agreement;

b. **Beverage Alcohol** means a beverage that contains ethanol, and includes beer, wine, cider, refreshment beverages, or spirits;

c. ***CFTA*** means the *Canadian Free Trade Agreement*, as amended from time to time;

d. **Consumer** means a natural person who purchases, or intends to purchase, Beverage Alcohol for personal use. For greater certainty, a "Consumer" does not include:

   i. An enterprise; or

   ii. A natural person who purchases, or intends to purchase, Beverage Alcohol for resale or other commercial use.

e. **Cross-selling** means the sale of Beverage Alcohol to a Consumer by a Producer, if that Beverage Alcohol was manufactured by another Producer, other than Beverage Alcohol that was manufactured under contract for the Producer that is making the sale;

f. **Destination Province** means a province or territory which is a Party to this Agreement, in which a Consumer is located;

g. **DTC Sale** has the meaning given to it in Article 2 (Scope);

h. **Manufacturer's Authorization** means an authorization issued by a Party identified in column 2 of Schedule "A";

i. **Origin Province** means a province or territory which is a Party to this Agreement, and that issued a Manufacturer's Authorization to a Producer;

j. **Parties** means, as the context requires, all or some of the Parties to this Agreement;

k. **Party** means a Party to this Agreement; and

l. **Producer** means a person who holds a valid and subsisting Manufacturer's Authorization.

2. Scope

2.1 This Agreement applies to measures respecting the DTC sale of Beverage Alcohol from an Origin Province to a Destination Province.

2.2 For the purposes of this Agreement, a DTC Sale involves:

a. a Consumer placing an order for Beverage Alcohol with a Producer for delivery into a Destination Province;

b. the Producer fulfilling the Consumer's order using only Beverage Alcohol:

   i. that is manufactured within the Origin Province; and

   ii. that the Producer is permitted to sell within its Origin Province under the terms of its Manufacturer's Authorization; and

c. the delivery of Beverage Alcohol directly to the Consumer, either by the Producer or through the services of a third-party shipper, such as a courier or other delivery service.

2.3 For the purposes of this Agreement, Beverage Alcohol is not considered to have been manufactured within an Origin Province if the Producer fulfilling the Consumer's order is solely engaged in the bottling of that Beverage Alcohol within the Origin Province, and the Beverage Alcohol was otherwise manufactured outside the Origin Province.

3. Extent of Obligations

3.1 Each Party is responsible for compliance with this Agreement by:

a. its departments, ministries, and similar agencies of government;

b. its other governmental bodies and enterprises;

c. any monopoly, non-governmental body, or non-governmental enterprise, whenever exercising regulatory, administrative, or other governmental authority that the Party has delegated to it; and

d. its monopolies and government enterprises undertaking commercial activities.

II. GENERAL OBLIGATIONS

4. Establishing a System for DTC Sale

4.1 Subject to paragraphs 2 and 3, each Party shall adopt or maintain a system or mechanism that permits DTC Sales between Producers in other Parties' territories and Consumers in its own territory.

4.2 A Party that does not permit its Producers to engage in Cross-selling within its own territory is not required to permit Cross-selling by DTC Sale between Producers in other Parties' territories and Consumers in its own territory.

4.3 A Party that does not permit Cross-selling within its own territory and will not permit Cross-selling by DTC Sale shall indicate so in column 4 of Schedule "A", and a Party that will permit Cross-selling by DTC Sale shall indicate so in column 4 of Schedule "A".

5. Right to Regulate

5.1 The Parties acknowledge that each Party has a right to make public policy decisions related to the importation, distribution, sale, and consumption of Beverage Alcohol into and within its territory, and each Party agrees that, in doing so, it will endeavour to minimize barriers to DTC Sales.

5.2 Without restricting the generality of paragraph 1, nothing in this Agreement shall prevent a Party from adopting or maintaining a measure that:

a. prescribes a minimum age that natural persons must be to purchase, consume, handle, receive, serve, or otherwise transact in Beverage Alcohol by DTC Sale, including measures designed to verify the identity and age of such persons;

b. prescribes a minimum social reference or commercial retail market price for Beverage Alcohol sold into its territory;

c. prohibits the sale or shipment of Beverage Alcohol by DTC Sale into a specific geographic region of that Party, if the consumption or sale of Beverage Alcohol is generally prohibited in that specific geographic region; or

d. restricts the times or places in which Beverage Alcohol may be purchased, consumed, or delivered.

5.3 Nothing in this Agreement shall prevent a Party from adopting or maintaining a measure that requires a person to hold a valid and subsisting authorization, licence, registration, or other permit to manufacture, package, handle, receive, serve, or otherwise transact in Beverage Alcohol by DTC Sale.

5.4 Without restricting the generality of paragraph 3, a Destination Province may require that a Producer hold a valid and subsisting authorization, licence, registration, or other permit from the entity listed in column 3 of Schedule "A" to lawfully sell Beverage Alcohol by DTC Sale into the Destination Province.

5.5 In administering its system or mechanism, each Party may take compliance and enforcement action as it determines necessary, including providing notice to a Producer of its non-compliance and administering any resulting consequences.

5.6 Subject to Article 4 (Establishing a System for DTC Sale), nothing in this Agreement fetters, alters, or derogates from an authority or discretion that is exercised by a liquor authority or regulator of a Party, including a decision to grant, withhold, vary, or rescind a particular licence or authorization.

6. Revenue Measures

6.1 Nothing in this Agreement shall prevent a Party from adopting or maintaining a measure that applies a charge to the DTC Sale of Beverage Alcohol, including:

a. Fees;

b. Commercial, environmental, and social charges;

c. Mark-ups; and

d. Taxes, including sales taxes and consumption taxes.

6.2 Without restricting the generality of paragraph 1, a Destination Province may require a Producer to collect, pay, and remit to the Destination Province any charge that applies to the DTC Sale of Beverage Alcohol into its territory.

7. Data Collection and Sharing

7.1 The Parties acknowledge that each Party may adopt or maintain a measure that requires Producers to provide it with product and sales data, including data related to any part of the transaction, regarding DTC Sales made into that Party's territory.

7.2 Each Party shall ensure that data collected pursuant to paragraph 1 is limited to what is reasonably necessary to ensure compliance with regulatory measures in force in that Party.

7.3 Each Party shall provide at the request of another Party, or otherwise publish, information that enables other Parties to verify that a Producer holds a valid and subsisting Manufacturer's Authorization.

7.4 A Party may make the provision or receipt of information described in paragraph 3 subject to such terms and conditions as are reasonably necessary to ensure such information is disclosed and used in accordance with applicable laws and the terms of commercial arrangements with third parties.

III. INSTITUTIONAL PROVISIONS

8. Relationship to *Canadian Free Trade Agreement*

8.1 This Agreement is established pursuant to Article 1203 (Trade, Investment, and Labour Mobility Enhancing Arrangements) of the *CFTA*, which permits the Parties to enter into additional arrangements to further liberalize trade, investment and labour mobility.

8.2 Any Party to the *CFTA* that is willing to accept the terms of this Agreement may be added to this Agreement upon acceptance of its terms.

9. Effective Date

9.1 This Agreement will become effective on the date that it is signed by two or more provinces or territories.

9.2 Any province or territory that does not sign this Agreement on or before the effective date determined pursuant to paragraph 1, and that is willing to accept its terms, may become a Party to this Agreement by providing to all existing Parties and the Internal Trade Secretariat a copy of this Agreement, with a completed Schedule "A", that is signed by its duly authorized representative. This Agreement will become effective in respect of such a Party on the date it is signed by that Party.

10. Review

10.1 On the third anniversary of the effective date of this Agreement, as determined pursuant to paragraph 9.1 (Effective Date), the Parties shall commence a review of this Agreement.

10.2 As part of that review, a written report on the operation of this Agreement shall be submitted to the Committee on Internal Trade Ministers and the Ministers responsible for liquor authorities, including:

a. highlights of, and any issues arising from, the implementation or operation of the obligations set out in this Agreement; and

b. any recommended amendments or areas for consideration.

10.3 The review shall be completed, and the corresponding report shall be submitted to the Committee on Internal Trade Ministers and the Ministers responsible for liquor authorities no later than six months after the commencement of the review.

10.4 The Parties shall conduct a subsequent review of this Agreement if requested by a majority of the Parties, provided that more than two years have passed since the last review. Paragraphs 2 and 3 apply to subsequent reviews, with such modifications as the circumstances require.

11. Amendment

11.1 This Agreement may be amended by the written consent of the Parties.

11.2 Notwithstanding paragraph 1, a Party may amend its entry in Schedule "A" by providing written notice of that amendment to all other Parties and the Internal Trade Secretariat. An amendment made pursuant to this paragraph comes into force on a date specified by the amending Party. Parties shall make best efforts to ensure that such amendments come into force no less than 30 days after written notice is given.

12. Issue Resolution

12.1 The Parties shall cooperate to resolve issues arising under this Agreement.

12.2 The Parties may establish a working group to support the implementation of this Agreement. Without restricting the generality of the forgoing, the working group may:

a. consider matters related to the implementation or operation of this Agreement;

b. recommend improvements; and

c. explore additional areas of collaboration to improve the diversity of Alcoholic Beverages available in each Party.

13. Compliance

13.1 Each Party shall take reasonable steps to promote compliance with the systems or mechanisms adopted or maintained pursuant to this Agreement, which may include communications between Parties' regulators, as those regulators consider appropriate, regarding matters of Producer compliance. A Party that does not maintain measures described in Article 6 (Revenue Measures) or paragraphs 1 or 2 of Article 7 (Data Collection and Sharing) as part of an authorization procedure for DTC Sales is not obligated to promote compliance with similar requirements of another Party's authorization, except to the extent that compliance is required by the statutory framework of the Party that does not maintain such measures.

14. Withdrawal from Agreement

14.1 A Party may withdraw from this Agreement after giving six months' written notice to all other Parties of its intent to do so. The withdrawing Party will endeavour to work cooperatively with the other Parties to limit the impact of its withdrawal on Producers and Consumers.

15. Not Legally Binding

15.1 This Agreement sets out the understanding of the Parties with respect to their cooperation and does not create any legal obligations or enforceable rights.

15.2 For greater certainty, this Agreement does not amend or otherwise terminate the *Memorandum of Understanding on Direct-to-Consumer Sales of Alcoholic Beverages*.

Schedule A

1. Party	2. Manufacturer's Authorization and applicable legislation	3. Authorizing entity and registration or authorization for DTC Sale	4. Indication of whether Cross-selling by DTC Sale is permitted
Alberta	Class E (Small Manufacturer) licence or Class E (Manufacturer) licence; and Class D (Manufacturer's Offsales) *Gaming, Liquor and Cannabis Act* (RSA 2000, Chapter G-1) Gaming, Liquor and Cannabis Regulation (Alberta Regulation 143/1996)	Alberta Gaming, Liquor & Cannabis (AGLC) will operate the DTC program; manufacturers from other provinces must register with AGLC, which includes submitting an Acknowledgement and Undertaking form and arranging for monthly remittance of fees and reporting.	Yes
British Columbia	Manufacturer's licence; *Liquor Distribution Act*, RSBC 1996, c. 268	BC Liquor Distribution Branch; Out of Province Direct To Consumer Authorization	Yes
Manitoba	The Liquor, Gaming and Cannabis Control Act, C.C.S.M. c. L153 and applicable Regulations	N/A. No Authorization Required.	Yes
New Brunswick	Manufacturer's Licence: *Liquor Control Act*, RSNB 1973, c L-10, and New Brunswick *General Regulation* 84-265	N/A. No Authorization Required.	Yes
Newfoundland and Labrador	Brewer licence, Winery licence, Distillery licence; Liquor Licensing Regulations CNLR	Newfoundland and Labrador Liquor Corporation, RSNL1990	No

1. Party	2. Manufacturer's Authorization and applicable legislation	3. Authorizing entity and registration or authorization for DTC Sale	4. Indication of whether Cross-selling by DTC Sale is permitted
	1162/96, under the Liquor Control Act, RSNL1990 Chapter L-18, as amended and any successor statutes.	CHAPTER L-19; Direct to Consumer Authorization	
Nova Scotia	Manufacturer's permit: *Liquor Control Act*, RSNS 1989, c260, as amended, and any successor statutes	Nova Scotia Liquor Corporation; Out of Province Direct To Consumer Authorization	Yes
Ontario	Manufacturer's licence to sell: *Liquor Licence and Control Act, 2019*, SO 2019, c 15, as amended, and any successor statutes.	Liquor Control Board of Ontario; Out of Province Direct To Consumer Authorization	Yes
Prince Edward Island	Micro-Brewery license, Distiller's license, winery license: Liquor Control Act Regulations current to of June 22, 2024.	Out of Province manufacturers who wish to participate in DTC will require PEILCC authorization.	Yes
Saskatchewan	Manufacturers permit to manufacture and sell: *Alcohol and Gaming Regulation Act, 1997* and *Alcohol Control Regulations, 2016*	N/A. No Authorization Required.	Yes