

EXECUTIVE ORDER DIRECTS ATTORNEY GENERAL TO FINALIZE CANNABIS RESCHEDULING

President Trump’s Executive Order directs federal agencies to “take all necessary steps to complete the rulemaking process” to reclassify cannabis from Schedule I to Schedule III. This action marks the most significant federal cannabis policy shift in over half a century. The executive order is designed to enable medical research on cannabis, which was otherwise restricted, and provide for significant banking reform in the cannabis industry.

While rescheduling does not legalize cannabis federally, it reflects a significant breakthrough for industry actors and medical researchers.

RESEARCH AND BANKING IMPLICATIONS

Moving cannabis to Schedule III removes many of the restrictive barriers that have long hindered medical and pharmaceutical research in the United States. The executive order states:

“The lack of appropriate research on medical cannabis and consequent lack of FDA approval leaves American patients and doctors without adequate guidance on appropriate prescribing and utilization... It is the policy of my Administration to increase medical cannabis and CBD research to better inform patients and doctors.”

Universities, hospitals, and companies will soon be able to conduct federally sanctioned studies, opening the door to more robust clinical trials on therapeutic uses, dosage standards, and delivery mechanisms. This shift positions American institutions to lead research that has largely been conducted abroad due to prior restrictions.

Perhaps the most significant business impact is the end of Internal Revenue Code Section 280E’s application to cannabis operators. Cannabis businesses can now take standard deductions, improving profitability, providing long-sought financial relief, and aligning federal tax policy with the regulated cannabis market.

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