



Date Issued: June 12, 2024

Subject: Drug Supply Chain Security Act Exemptions from Certain Requirements Under Section 582 of the FD&C Act for Small Dispensers Until November 27, 2026

The Food and Drug Administration (FDA, Agency, or we) is using authority under section 582(a)(3) of the Food, Drug, and Cosmetic Act (FD&C Act) to exempt certain dispensers - and, where noted, those dispensers' trading partners¹ - from certain requirements in section 582 of the FD&C Act² as outlined below until November 27, 2026.

In August 2023, FDA announced two compliance policy guidances (collectively the "2023 Compliance Policy Guidances")³ that explained, among other things, FDA's enforcement policy with respect to: (a) the enhanced drug distribution security requirements⁴ in section 582(g)(1) of the FD&C Act; and (b) verification requirements for dispensers regarding suspect or illegitimate product in sections 582(d)(4)(A)(ii)(II) and (d)(4)(B)(iii) of the FD&C Act. Together, the 2023 Compliance Policy Guidances establish a 1-year stabilization period, from November 27, 2023, to November 27, 2024, to accommodate additional time that trading partners in the pharmaceutical distribution supply chain may need to implement, troubleshoot, and mature systems and processes to fully implement the Drug Supply Chain Security Act (DSCSA) enhanced drug distribution security requirements.

Since publishing the 2023 Compliance Policy Guidances, FDA has continued to receive comments and feedback from stakeholders and trading partners, particularly small dispensers, expressing concern with readiness to implement requirements under section 582(g)(1) of the FD&C Act at the conclusion of the stabilization period on November 27, 2024. Specifically, small dispensers have described challenges related to the time, costs, and resources needed to further develop the robust technologies and processes to enable data exchange, establish business relationships with their trading partners, and operationalize business practices. FDA recognizes that small dispensers may still need additional time beyond November 27, 2024, when the enforcement policy set forth in the 2023 Compliance Policy Guidances concludes, to focus resources and efforts on refining systems and technological infrastructures. Accordingly, FDA is issuing the exemptions outlined below to accommodate the additional time beyond November 27, 2024, that may be needed by small dispensers to fully transition to interoperable, electronic product tracing at the package level under the DSCSA. The FDA has determined the exemptions outlined below are

¹ *Trading partner* is defined in section 581(23)(A) of the FD&C Act. Although third-party logistics providers are also considered trading partners under section 581(23)(B) of the FD&C Act, they are not subject to the product tracing requirements of section 582 of the FD&C Act.

² Pursuant to section 582(a)(3) of the FD&C Act, FDA has issued guidance on waivers, exceptions, and exemptions from section 582 of the FD&C Act requirements. *Waivers, Exceptions, and Exemptions From the Requirements of Section 582 of the Federal Food, Drug, and Cosmetic Act: Guidance for Industry* (August 2023). This guidance includes descriptions of circumstances and processes by which FDA may establish exceptions or exemptions on its own initiative. As noted in that guidance, if FDA establishes an exception or exemption to address a particular issue, it "intends to communicate the information in writing using a method appropriate for the circumstances (e.g., a letter to the affected trading partners or posting on the Agency's website if an exception or exemption applies to a broad segment of industry). An exception or exemption that FDA establishes may be limited in duration or valid until further notice from the Agency." Consistent with that guidance, we are posting these exemptions on our website.

³ For more information, see the compliance policy guidances for industry, *Enhanced Drug Distribution Security Requirements Under Section 582(g)(1) of the Federal Food, Drug, and Cosmetic Act — Compliance Policies* (August 2023) and *Wholesale Distributor Verification Requirement for Saleable Returned Drug Product and Dispenser Verification Requirements When Investigating a Suspect or Illegitimate Product — Compliance Policies, Revision 1* (August 2023).

⁴ *Enhanced drug distribution security requirements* refer to the requirements for interoperable, electronic, package-level product tracing, including systems and processes, in section 582(g)(1) of the FD&C Act.



appropriate to maintain public health and help ensure continued patient access to certain prescription drugs in the United States.

For the purpose of the exemptions outlined below, a dispenser⁵ is considered a “small dispenser” if the corporate entity that owns the dispenser has a total⁶ of 25 or fewer full-time employees⁷ licensed as pharmacists or qualified as pharmacy technicians.⁸ We believe this definition best incorporates small pharmacy operations and those who are most in need of additional time to comply with the requirements of sections 582(g)(1) and 582(d)(4) of the FD&C Act outlined below.

If a small dispenser relies on the exemptions outlined below, we recommend communicating such reliance to its trading partners as needed to further facilitate distribution of product without difficulty or delay. The exemptions described below do not apply to other requirements in section 582 of the FD&C Act.

FDA has determined that the following FD&C Act exemptions for small dispensers - and, where noted, their trading partners - are appropriate from November 27, 2024, until November 27, 2026:

- The requirements under section 582(d)(4)(A)(ii)(II) of the FD&C Act for dispensers to verify the product identifier of the statutorily designated proportion of suspect or illegitimate product in the dispenser’s possession or control. Small dispensers are still obligated to meet all other verification requirements of section 582(d)(4) of the FD&C Act.
- The requirement under section 582(g)(1)(A) of the FD&C Act that the transaction information and the transaction statements be exchanged in a secure, interoperable, electronic manner in accordance with the standards established under the guidance issued pursuant to paragraphs (3) and (4) of section 582(h) of the FD&C Act. Small dispensers and their trading partners may continue to rely on current methods for providing, capturing, and maintaining transaction information and transaction statements⁹ for transactions of product with each other during the exemption period.
- The requirement under section 582(g)(1)(B) of the FD&C Act that the transaction information required to be exchanged include the product identifier at the package level for each package included in the transaction. For transactions to which small dispensers are a party, small dispensers and their trading partners may continue to exchange transaction information with each other that does not include the product identifier at the package level for each package included in the transaction.
- The requirement under section 582(g)(1)(C) of the FD&C Act that systems and processes for verification of product at the package level, including the standardized numerical identifier, be in accordance with the standards established under the guidance issued pursuant to section 582(a)(2) of the FD&C Act and the guidances issued pursuant to paragraphs (2), (3), and (4) of section 582(h) of the FD&C Act. Small dispensers and their trading partners may continue to rely on current methods for verification activities with each other

⁵ See Section 581(3) of the FD&C Act for the definition of *dispenser*.

⁶ The total number of employees as of November 27, 2024.

⁷ For the purpose of these exemptions, we are adopting the Internal Revenue Service’s (IRS) definition of “full-time employee.” The IRS defines a *full-time employee* as “for a calendar month, an employee employed on average at least 30 hours of service per week, or 130 hours of service per month.” For additional information on identifying full-time employees, see <https://www.irs.gov/affordable-care-act/employers/identifying-full-time-employees>.

⁸ We recognize that section 582(g) refers to “dispensers with 25 or fewer full-time employees” without limiting such employees to those who are licensed pharmacists or authorized pharmacy technicians. However, the exemptions being granted here, pursuant to section 582(a)(3), apply to a broader category of dispensers.

⁹ Beginning on November 27, 2023, section 582(k)(1) of the FD&C Act effectively ended the requirement for trading partners to provide and receive transaction history.



during the exemption period.

- The requirement under section 582(g)(1)(D) of the FD&C Act for systems and processes necessary to promptly respond with the transaction information and transaction statement for a product upon a request by the Secretary, or other appropriate Federal or State official, in the event of a recall or for the purposes of investigating a suspect product or an illegitimate product. Small dispensers may continue to rely on current methods to respond to such requests for such information.
- The requirement under section 582(g)(1)(E) of the FD&C Act for systems and processes necessary to promptly facilitate gathering the information necessary to produce the transaction information for each transaction going back to the manufacturer, as applicable (i) in the event of a request by the Secretary, or other appropriate Federal or State official, on account of a recall or for the purposes of investigating a suspect product or an illegitimate product; or (ii) in the event of a request by an authorized trading partner, in a secure manner that ensures the protection of confidential commercial information and trade secrets, for purposes of investigating a suspect product or assisting the Secretary, or other appropriate Federal or State official, with a request described in clause (i). Small dispensers may use current methods to respond to such requests with their relevant transaction information if they directly transacted the product(s) subject to the request.

The exemptions described in this notification are not intended to provide, and should not be viewed as providing, a justification for delaying efforts by small dispensers to implement the enhanced drug distribution security requirements under section 582(g)(1) of the FD&C Act. FDA strongly urges small dispensers to continue their efforts to implement necessary measures to satisfy these enhanced drug distribution security requirements.

Sincerely,

Michael Levy, J.D.
Deputy Director
Office of Compliance
Center for Drug Evaluation and Research
Food and Drug Administration