卓纬律师事务所
CHANCE BRIDGE LAW FIRM

Is the "Safe Harbor" for Distributors Truly Safe?
— An In-depth Analysis of the Understanding and Application of the "Safe Harbor" System for Vertical Monopoly Agreements

On December 19, 2025, the State Administration for Market Regulation (SAMR) announced amendments to the Provisions on Prohibiting Monopoly Agreements (hereinafter referred to as the "Provisions"), which will take effect on February 1, 2026. By revising Article 17 of the Provisions and adding supporting clauses, the amendments further clarify the market shares thresholds and other applicable conditions that vertical monopoly agreements must meet to be exempted from prohibition. These rules refine the criteria for determination and unify the standards for law enforcement, thereby filling the regulatory gap in the application under Paragraph 3, Article 18 of the Anti-monopoly Law. At a practical level, they help operators understand the boundaries of lawful competition with more clarity and predictability.

This article provides a Q&A-style analysis of the main contents of the above-mentioned new rules and highlights key practical considerations, with a view to offering guidance to enterprises on antitrust compliance.

To facilitate discussion, we assume the following hypothetical scenario: Company A produces Jersey milk and computer mice and has entered into distribution agreements with wholesalers B and C for the sale of Jersey milk. Wholesaler B also distributes multiple categories of milk from other brands and operates a multi-tier sales system consisting of a first-tier distributor D and a second-tier distributor E. The practical issues discussed below are analyzed primarily through this hypothetical scenario to help readers understand and apply the rules.

Question 1: What are the main laws and regulations related to the "Safe Harbor"?

1. Article 18 of the Anti-monopoly Law

An undertaking shall be prohibited from reaching the following monopoly agreements with other trading partners:

(1) fixing the resale price of goods to a third party;

(2) restricting the minimum resale price of goods to a third party;

(3) Other monopoly agreements as determined by the anti-monopoly enforcement authority under the State Council.

With respect to the agreements specified in items (1) and (2) above, they shall not be prohibited

where the undertaking can prove that such agreements do not have the effect of eliminating or restricting competition.

They shall also not be prohibited where the undertaking can prove that its market share in the relevant market is below the threshold prescribed by the anti-monopoly enforcement authority under the State Council and that it satisfies the other conditions prescribed by that authority.

2. Article 17 of the Provisions on Prohibiting Monopoly Agreements (Amended on December 9, 2025)

Where an undertaking claims that an agreement concluded with a trading counterparty, as referred to in Item (1) or (2) of Paragraph 1 of Article 18 of the Anti-Monopoly Law, falls within the scope of Paragraph 3 of that Article, it shall prove that, during the term of the agreement, the following conditions are met:

(1) The respective market shares of the undertaking and the trading counterparty in the relevant market for every year are each below 5%.

(2) The annual turnover of the products involved in the agreement between the undertaking and the trading counterparty is, in each year, less than RMB 100 million.

Where an undertaking claims that an agreement concluded with a trading counterparty, as referred to in Item (3) of Paragraph 1 of Article 18 of the Anti-Monopoly Law, falls within the scope of Paragraph 3 of that Article, it shall prove that, during the term of the agreement, the respective market shares of the undertaking and the trading counterparty in the relevant market in each year are each below 15%.

Where there are multiple trading counterparties, the market shares in the same relevant market and the turnover of the products involved in the agreement shall be aggregated for calculation purposes.

Where the SAMR has otherwise provided for the application of Paragraph 3 of Article 18 of the Anti-Monopoly Law to specific industries, sectors, or specific types of agreements, such provisions shall prevail.

3. Article 18 of the Provisions on Prohibiting Monopoly Agreements (Amended on December 9, 2025)

Where an undertaking claims that the agreement under investigation meets the requirements set out in Paragraph 1 or Paragraph 2 of Article 17 of these Provisions, it shall file an application with the anti-monopoly enforcement agency and submit the following materials:

(1) information on the conclusion and implementation of the agreement between the undertaking and the trading counterparty(ies);

(2) The respective shareholding structure and control relationship of the undertaking and the trading counterparty(ies), and their operating conditions in the relevant market.

(3) The respective market shares of the undertaking and the trading counterparty(ies) in the relevant market and the turnover of the products involved in the agreement in each year during the agreement period, along with the calculation basis.

(4) Other materials capable of proving that the agreement under investigation meets the requirements set out in Paragraph 1 or Paragraph 2 of Article 17 of these Provisions.

4. Article 19 of the Provisions on Prohibiting Monopoly Agreements (Amended on December 9, 2025)

The anti-monopoly enforcement authority shall review and verify the application materials submitted by the operator. Where it determines that the agreement meets the requirements of Article 17 of these Provisions and the case has not been docketed, it shall decide not to docket the case; where the case has already been docketed, it shall terminate the investigation. Notwithstanding the foregoing, where there is evidence showing that the agreement has the effect of excluding or restricting competition, Article 17 of these Provisions shall not apply.

Where the anti-monopoly enforcement authority decides not to docket a case or to terminate an investigation pursuant to the preceding paragraph, and such decision is based on incomplete or false information provided by the operator, or where there is a material change in the facts on which the decision is based, it shall initiate or resume an investigation in accordance with the law.

Question 2: What is the specific content of the "Safe Harbor"?

1. Sets out the applicable market-share thresholds and turnover conditions for different types of vertical monopoly agreements:
(1) Vertical agreements involving the fixing or restriction of resale prices (also referred to as "vertical price restraints" or RPM). Where, for each year during the term of the agreement, the market shares of both the operator and the trading counterparty in the relevant market are below 5%, and the turnover of the goods covered by the agreement is less than RMB 100 million, the agreement shall not be prohibited.
(2) Other vertical agreements (also referred to as "vertical non-price restraints"). Where, for each year during the term of the agreement, the market shares of both the operator and the trading counterparty in the relevant market are below 15%, the agreement shall not be prohibited; no turnover threshold applies.

2.Both the operator and the trading counterparty to the agreement must satisfy the relevant thresholds and conditions.

Since vertical agreements involve both transacting parties and may affect competition in both the

upstream and downstream relevant markets, an agreement will fall within the safe harbor only if both parties meet the applicable market-share thresholds and (where relevant) turnover conditions. If either party fails to satisfy the requirements, the safe harbor cannot be invoked.

3. Where there are multiple trading counterparties for the goods covered by the agreement, their market shares and turnover shall be calculated on a consolidated basis.

Since vertical restraints typically occur simultaneously across multiple parallel channels within the same brand system, their impact on competition in the relevant market cannot be evaluated in isolation, focusing solely on one channel or entity. Therefore, when there are multiple trading counterparties, their combined market shares in the relevant market and the turnover of the goods covered by the agreement shall be calculated on a consolidated basis. The assessment of whether the relevant market share thresholds and other applicable conditions are met shall be based on this consolidated data.

Question 3: How is the "operator" determined?

In the context of vertical agreements, the term "operator" typically refers to the upstream manufacturer or brand owner. However, in practice, more complex arrangements may arise. For example, large enterprises with significant market power may seek to avoid being unable to invoke the safe harbor provisions for vertical agreements due to their own high market shares. To mitigate this, they may refrain from directly entering into resale price maintenance (RPM) agreements with downstream distributors. Instead, they may instruct or arrange for a wholesaler, with a lower market share, to implement RPM behavior with its lower-level distributors. Formally, the RPM behavior appears to occur only between the wholesaler and the downstream distributors, with the wholesaler acting as the nominal "party to the agreement."

In such circumstances, a key question is whether the identification of the "operator" should look beyond the contractual form and instead focus on the large enterprise that substantively directs, implements, or orchestrates the arrangement, rather than resting solely on the wholesaler's own sales figures and market shares as the basis for assessment. If the analysis remains purely formalistic—without a substantive examination of the underlying control and influence relationships—large enterprises may readily circumvent the safe harbor's applicability thresholds through "intermediary" structures, thereby undermining the effectiveness of the regulatory framework for vertical monopoly agreements.

Therefore, from the perspective of preventing circumvention of regulation, when determining the relevant market shares and the applicability of the safe harbor, it is necessary to consider comprehensively, based on the specific facts of the case, whether there exists a relationship of control or substantive influence, and in necessary cases, to make a piercing determination of the "operator," attributing the relevant RPM behavior to the actual decision-maker or beneficiary. Otherwise, it may be difficult to effectively regulate RPM behavior implemented indirectly, and

may also lead to the instrumentalization and hollowing-out of the safe harbor system for vertical agreements in practice.

Question 4: How is the "relevant market" defined?

The relevant market delineates the competitive arena in which operators compete and serves as the foundation for calculating market shares. The approaches to defining the relevant market, as well as the key factors to be considered, are systematically set out in Article 7 of the Provisions and in the Guide for the Definition of the Relevant Market. In addition, the relevant market definitions reflected in the public notices of simple cases published by the SAMR may, to a certain extent, provide useful reference. For specific industries, it may also be appropriate to consult sector-specific anti-monopoly guidance issued by the Anti-monopoly Commission of the State Council, such as the Anti-monopoly Guidance on the Pharmaceutical Sector.

Nevertheless, in specific compliance practice, the definition of the relevant market still involves considerable uncertainty, mainly reflected in the following aspects:

First, in enforcement practice, Chinese anti-monopoly enforcement agencies tend to adopt a relatively "narrow" approach to market definition so as to sharpen the focus and operability of the competitive-constraint analysis—an approach that, to some extent, increases the difficulty and uncertainty of compliance assessments for operators.

Second, with technological progress and industry evolution, existing market definition conclusions are not immutable; approaches that were applicable in the past may not necessarily hold in the future. In practice, we have encountered cases where, although the specific products involved in the transaction did not change, the market definition conclusions reached at different points in time showed significant differences. For example, with the maturation of frozen-preservation technology and significant improvements in logistics and transportation efficiency, products that could originally only be sold within a limited region gradually achieved nationwide circulation with substantially reduced transportation costs; accordingly, the relevant geographic market may evolve from a regional market to a national market.

Third, the purpose and review focus of market definition are not entirely aligned between anti-monopoly investigations and merger control proceedings, and enforcement authorities may accordingly adopt different definitional approaches. As a result, the relevant market conclusions reflected in the public notices of simple cases are for reference only and, in general, cannot be directly "copied" or transplanted into investigation cases.

Fourth, with the emergence of new business formats such as the platform economy, market structures and competitive methods have undergone profound changes, putting greater pressure on the adjustment of the traditional analytical framework of product markets and geographic markets, thereby increasing the difficulty of defining the relevant market.

Uncertainty in defining the relevant market can create practical challenges for enterprises conducting anti-monopoly compliance assessments. As a matter of prudence, some enterprises may be inclined to adopt the narrowest plausible market definition. However, given that the 5% threshold is itself relatively low, the "safety" afforded by the safe harbor may be less robust than enterprises might assume. In practice, enterprises may wish to seek advice from experienced anti-monopoly counsel to develop more reliable compliance strategies. As to whether, at this stage, enterprises may apply to the anti-monopoly enforcement agency for consultative guidance, further clarification will need to be tested and developed in future practice.

Question 5: Are the "relevant markets" of the operator and the trading counterparty the same?

In practice, this is another issue that enterprises seeking to conduct anti-monopoly compliance assessments under the safe harbor rules may encounter when defining the relevant market.

For the operator, its relevant market should be defined starting from the goods covered by the agreement that it distributes (for example, Jersey milk in the case at the beginning of the article), and conducting market definition analysis from the perspectives of demand substitution and supply substitution. If Operator A has not entered into a distribution agreement for the sale of computer mice, then its market definition should be based on Jersey milk and should not include computer mice. Therefore, the relevant product market could potentially be defined as the Jersey milk market, the pasteurized milk market, or even the broader milk market (including pasteurized milk and ultra-high-temperature treated milk).

For the trading counterparty, the relevant market should be the distribution market in which it sells the goods covered by the agreement. Under the logic of the safe harbor rules, imposing RPM on distributors with relatively low market shares—while potentially restricting intra-brand competition—typically has a limited impact on overall market competition. Accordingly, when defining the relevant market for a distributor, the analysis should start from the distribution market for the goods covered by the operator's agreement that the distributor sells, and should not be expanded without justification to encompass other products the distributor may also handle. On this basis, the relevant market may be defined, depending on the facts, as the Jersey milk distribution market, the pasteurized milk distribution market, or even the broader milk distribution market.

Question 6: How are market shares calculated?

Even if the relevant market is clearly defined, the calculation of market shares may still entail significant uncertainty.

First, Article 15 of the 2022 Draft Provisions on Prohibiting Monopoly Agreements (for Public Comments) set out a specific basis for calculating market shares, providing that the market shares of the operator and the trading counterparty should include, in aggregate, the market shares of

other entities they control or over which they exercise decisive influence. However, this language was not carried over into the final version. As a result, there remains room for debate as to what should be included in the numerator: should it be limited to the turnover of the specific contracting entity, or should it capture the turnover of the entire corporate "group"? In my view, the answer should depend on the circumstances. Where the conduct of the specific contracting entity effectively reflects or is directed as part of group-level conduct, the group's turnover should be taken into account; conversely, where the contracting entity operates independently and the conduct is genuinely its own, the numerator may be limited to that entity's turnover.

For a distributor as the trading counterparty, if market shares are calculated on a group-wide basis, a small-scale supplier cooperating with a large distributor may be unable to invoke the safe harbor simply because the distributor's group-level market share is high—even where the distributor's market share for the specific goods covered by the agreement is relatively low. This could, in practice, narrow the scope of the safe harbor regime. Its reasonableness, as well as the appropriate methodology for application, remains to be further clarified through subsequent enforcement and practice.

Second, another key dimension of relevant market definition is the relevant geographic market. For an operator or a distributor, the relevant geographic market may, in certain cases, be defined on a global basis. In that scenario, it remains unclear whether market shares in the Chinese market must still be assessed in parallel. Conversely, even where the relevant geographic market is defined as China, the enforcement authority may, in a particular case, request additional market-share data for the specific region affected. This is especially so following the decentralization of anti-monopoly enforcement powers, as local enforcement agencies may place greater emphasis on market conditions and market shares within their own administrative jurisdictions when reviewing cases.

Third, where there are multiple trading counterparties, the methodology for calculating market shares may vary. First, where there are numerous first-tier distributors, it is generally uncontroversial that their market shares should be calculated on a consolidated basis. Second, where the distribution structure involves second-tier, third-tier, or other multi-tier distributors, it becomes necessary to determine whether all such entities should be treated as "trading counterparties" for purposes of the safe harbor analysis. Even if multi-tier distributors are included, it is not self-evident that their market shares can simply be aggregated; in practice, intra-channel resale volumes between different distribution tiers typically need to be netted out to avoid double counting.

Furthermore, in a multi-tier distribution structure—for example, "supplier/manufacturer — general distributor — first-tier distributor — second-tier distributor — retailer"—it remains to be clarified whether the scope of "trading counterparties" should be confined to the general distributor. In addition, where a second-tier distributor has neither entered into an RPM agreement

nor actually participated in the implementation of an RPM arrangement, it also remains unclear whether its market share may be excluded from the scope of market-share calculations. These issues will need to be further tested and clarified through future enforcement practice.

Fourth, in the context of internal compliance assessments, requiring enterprises to purchase third-party market data on an ongoing, annual basis could materially increase compliance costs. Moreover, in an enforcement investigation, it remains unclear how discrepancies should be addressed where market-share figures obtained internally or calculated by the enterprise differ from data produced by third-party institutions. In other words, there are currently no clear standards regarding the evidentiary weight and acceptability of internally estimated market shares in anti-monopoly enforcement, and this issue warrants further observation and clarification in future practice.

Fifth, obtaining market-share data for distributors also presents multiple practical challenges. First, market-share information often implicates trade secrets, and distributors may be unwilling to disclose it to suppliers. Second, even where distributors are prepared to provide such data, ensuring the accuracy of the underlying figures—and the consistency of calculation methodologies across different distributors—can be operationally difficult. In addition, such disclosures may enable suppliers to indirectly obtain competitors' commercially sensitive information. For example, in an extreme scenario where a distributor acts as the exclusive distributor for two competing suppliers, those suppliers may, in the course of conducting distributor-side compliance assessments, gain access to commercially sensitive information about their principal competitor, thereby creating additional compliance risks.

Sixth, the Guidelines for the Examination of Horizontal Concentrations of Undertakings and the Anti-monopoly Guidelines of the Anti-monopoly Commission of the State Council for the Platform Economy contemplate a range of indicators for measuring and calculating market shares. The selection of different indicators, as well as reliance on different data sources, can lead to materially different results, thereby further increasing the uncertainty associated with market-share estimation.

Question 7: How is the turnover of the goods involved calculated?

First, the RMB 100 million turnover threshold is expressly limited to the turnover of "the goods covered by the agreement between the operator and the trading counterparty." In the example described at the outset, this should refer to the turnover generated from Jersey milk, rather than the turnover of all products falling within the defined relevant product market.

Second, the current provisions do not impose geographical restrictions on the turnover. Where the goods involved are sold globally, the turnover should in principle not be limited to the Chinese market, nor should it be limited to the sales of the product in question in a specific region.

Third, under the relevant laws and regulations, turnover is generally calculated as the revenue derived from the sale of goods or the provision of services, net of the corresponding taxes and surcharges.

Fourth, the calculation of turnover raises the same question as market shares as to whether turnover should be assessed on a "group-wide" basis. The analytical approach can align with the discussion above. As for the trading counterparty, since it participates in the transaction as a principal rather than as an agent, its turnover should be measured by sales revenue from the goods, rather than by commissions earned.

Question 8: Definition of "agreement period" and "every year"

In principle, the "agreement period" refers to the term of the agreement concluded between the operator and the trading counterparty. Where there is no effective written agreement, or where the written agreement has expired but the parties continue, in practice, to implement RPM or other vertical restrictive arrangements, the period of such actual implementation should likewise be treated as the agreement period.

"Every year" should generally be understood as the fiscal year. As China's fiscal year coincides with the calendar year, using the calendar year as the relevant benchmark is both practical and consistent in application.

Question 9: In what context is the "Safe Harbor" applicable?

Under the Provisions, an application for the safe harbor is to be submitted after the relevant agreement has entered into an investigation procedure. In other words, absent an investigation, the enforcement authority will generally not, on its own initiative, require the operator to submit supporting materials—such as market-share evidence—related to the safe harbor. That said, in day-to-day antitrust compliance, a practical dilemma remains: if enterprises do not conduct market-share assessments and compliance evaluations in advance, they may find it difficult to determine whether the contemplated vertical restraints can be implemented in the first place.

For enterprises seeking to strengthen antitrust compliance, it is advisable to conduct systematic antitrust risk assessments in line with the Provisions and to properly retain the supporting materials generated in the course of those assessments, so as to prepare for any potential investigation. This not only enables enterprises to respond more effectively and confidently if an investigation arises, but may also provide relevant support for any subsequent application for compliance-related incentives.

Question 10: Who bears the burden of proof?

The Anti-monopoly Law places the burden on the operator to prove that it satisfies the relevant market-share thresholds and other applicable conditions. Article 18 of the Provisions further clarifies the evidentiary process and the categories of supporting materials to be submitted, thereby providing operators with clearer and more concrete operational guidance when applying

for the safe harbor.

Question 11: What should the supporting (proof) materials cover?

Under the Provisions, the supporting materials should generally include: (i) the circumstances surrounding the conclusion and implementation of the agreement between the operator and the trading counterparty; (ii) the respective business conditions of the operator and the trading counterparty; and (iii) the operator's and the trading counterparty's market shares in the relevant market, as well as the turnover of the goods covered by the agreement, among other relevant information.

Question 12: What are the review procedures and legal consequences?

The Interpretation of the Amendments to the Provisions on Prohibiting Monopoly Agreements (the "Interpretation"), issued by the SAMR's First Department of Anti-monopoly Enforcement on December 19, 2025, provides a relatively clear answer:

1. For vertical agreements that satisfy the market-share thresholds and other applicable conditions, those that have not been placed on file shall not be opened for investigation; where an investigation has already been opened, it shall be terminated.

2. In individual cases, where the anti-monopoly enforcement authority has evidence that, although the agreement meets the prescribed thresholds and conditions, it nevertheless has the effect of eliminating or restricting competition, the non-prohibition provision shall not apply, and the authority shall investigate and address the relevant vertical agreement in accordance with the law.

3. For vertical agreements that do not satisfy the market-share thresholds and other applicable conditions, their legality shall be assessed in accordance with the general principles and relevant provisions of the Anti-monopoly Law. Specifically:

    - Vertical price restraints: Where the thresholds are not met, the anti-monopoly enforcement authority may presume the arrangement to be unlawful, unless the operator proves—pursuant to Article 14(2) of the Provisions—that it does not have the effect of eliminating or restricting competition;

    - Other vertical agreements: Where the thresholds are not met, whether the arrangement is unlawful shall be assessed on a case-by-case basis by the SAMR in accordance with Article 18 of the Anti-monopoly Law and Article 16 of the Provisions.

Question 13: What is the difference between China's "Safe Harbor" and the EU's "Safe Harbor"?

First, it should be noted that, under the EU competition law framework, resale price maintenance cannot benefit from any safe harbor, whereas in China the safe harbor regime applies to both vertical price restraints and vertical non-price restraints.

Both the block exemption regime and the concept of "agreements of minor importance" function as "safe harbor" mechanisms under EU antitrust law in the context of assessing restrictive agreements. Beyond differences in market-share thresholds, the two regimes also serve materially different institutional purposes. "Agreements of minor importance" operate at the first stage of the analysis, addressing whether an agreement is capable of appreciably restricting competition and therefore falls within the scope of the prohibition on restrictive agreements. By contrast, the block exemption regime applies at the second stage: once an agreement has been found to constitute a restrictive agreement, it provides a market-share-based presumption that the agreement satisfies the relevant exemption conditions (i.e., that its pro-competitive efficiencies outweigh the competitive harm). In principle, the two mechanisms are applied sequentially; in practice, however, block exemptions are be applied directly without a separate, full effects analysis.

Under the Anti-monopoly Law as revised in 2022, Chinese anti-monopoly enforcement authorities have adopted a "presumptive unlawfulness" approach to RPM. In practice, once the authority establishes the existence of RPM, it may presume—without further proof—that the conduct has the effect of eliminating or restricting competition, and thus find the RPM unlawful. That said, Article 18(2) of the Anti-monopoly Law preserves the operator's right, in individual cases, to rebut this presumption by demonstrating that the conduct does not have the effect of eliminating or restricting competition. Where such proof is established, the vertical price restraint will not constitute a monopoly agreement.

From the structure of Article 18 of the Anti-monopoly Law, the legal effect of the safe harbor rules may be understood in two ways. First, the safe harbor may be viewed as producing the same legal consequence as paragraph 2 of that Article—namely, that the relevant agreement is deemed not to constitute a monopoly agreement. Second, the safe harbor may be understood as a normative basis that precludes the illegality of an agreement that would otherwise be characterized as a monopoly agreement. Under the first reading, where an agreement cannot benefit from the safe harbor, it may still be assessed for whether it has the effect of eliminating or restricting competition; if it is found to constitute a vertical monopoly agreement, the operator may still adduce evidence to argue that the agreement satisfies the conditions for an "efficiency exemption." Under the second reading, even if the safe harbor does not apply, the operator may still rely on the "efficiency exemption" to preclude a finding of illegality. Overall, the Interpretation appears to align more closely with the second approach.

Question 14: Can the "Safe Harbor" apply in cases of dual distribution?

Where an upstream manufacturer operates both direct-to-customer sales channels and distribution through independent operators, its direct sales channel may, in substance, compete with the distributors' channels. In such a structure, the manufacturer's imposition of restrictions on distributors—such as resale price, resale territory, or customer restrictions—may carry the risk of

being characterized as a horizontal monopoly agreement. In these circumstances, it is highly doubtful whether the restrictions can still benefit from the safe harbor applicable to vertical agreements, and the safe harbor may be difficult to apply in practice.

Question 15: Are there special provisions for special industries?

In light of the complexity of economic activities and industry-specific characteristics, the Provisions reserve space for special rules applicable to agreements in specific industries, sectors, or of particular types, and expressly provide that such special rules prevail over the general provisions. At present, the relevant special instruments include the Provisions on Prohibiting the Abuse of Intellectual Property Rights to Eliminate or Restrict Competition, the Anti-monopoly Guidelines of the Anti-monopoly Commission of the State Council for the Automotive Sector, and the Anti-monopoly Guidelines of the Anti-monopoly Commission of the State Council for the Field of Intellectual Property Rights. Additionally, as needed, the SAMR will study and formulate special provisions for other industries or fields as appropriate.

Question 16: How can enterprises operating under distribution models ensure antitrust compliance?

1. Conduct a comprehensive review of existing distribution arrangements

Undertake a systematic review of current distribution and sales-related agreements, with a particular focus on whether they involve resale price control (including the fixing or restriction of minimum resale prices, or indirect/disguised price intervention), unreasonable territorial or customer restrictions, or other provisions that may give rise to risks of vertical monopoly agreements. In parallel, based on the relevant market definition, conduct a preliminary assessment of the market shares of the enterprise and its distributors to evaluate whether there is a practical basis for relying on the safe harbor rules.

2. Optimize distribution models within a manageable compliance risk envelope

For arrangements presenting heightened competition-law risk, adjust the distribution model in line with the relevant commercial objectives—for example, by reducing direct intervention in distributors' pricing, and instead pursuing management goals through recommended retail prices, compliance-based incentive mechanisms, or an agency model where appropriate.

3. Engage professional antitrust support in a timely manner

For matters of significance, it is advisable to involve counsel with practical anti-monopoly enforcement experience to assist in forming an overall assessment of potential risks and the applicability of the safe harbor rules, thereby minimizing uncertainty in antitrust compliance to the greatest extent possible.