New Marketing Authorization Holder (MAH) System in China

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The version of China's Drug Administration Law passed by the People's Congress of China in August 2019 came into effect on December 1, 2019. In this major revision of the Law, the most comprehensive revision since 2001, the regulatory philosophy has shifted from enterprise-based supervision to product-based supervision.

Implementation of the Marketing Authorization Holder (MAH) system is one of the key changes in the law. The MAH system had been implemented on a trial basis in ten provinces in China from 2015 to July 2019; during this trial period, 3239 product licenses were issued to 156 holders. It is now applicable to all companies applying to register a drug in China.

The MAH must be a legal entity such as a pharmaceutical company or research institution in China; in contrast, in European Union (EU) countries, individuals are allowed to be the MAH.

MAH roles and responsibilities throughout a drug's lifecycle include:

1. In the pre-marketing stage, the MAH must provide pre-clinical, clinical, and manufacturing data that are compliant with relevant regulations and are truthful, accurate, integral, and traceable.
2. The MAH must identify a qualified person contact for release of the commercial product.
3. If the MAH is not the product manufacturer or distributor, the MAH must sign a written agreement that guarantees the quality of these outsourced operations.
4. The MAH must establish a pharmacovigilance system to ensure the detection, assessment, understanding, and prevention of adverse effects, or any other product-related problem.
5. In the post-marketing stage, MAH must establish a risk management plan and conduct post-market evaluations to confirm the product's safety, efficacy, and quality. The MAH must also submit an annual report to list any changes that have occurred in the prior year. However, in the case of any major change, the change must be reported before it becomes effective. If any safety-related problems are reported for one of its products, the MAH must stop the sale and distribution and recall that product. The meaning of "major change" will be defined in subsequent regulation.
6. The MAH must ensure the supply of drugs for urgent needs. Subsequent regulation will define what constitutes "urgent need."
7. For drug products imported into China, the MAH must identify a local agent qualified to share the MAH responsibilities.

Accompanying this series of responsibilities, the MAH also has the right to transfer ownership of the product to another MAH.

The new MAH system will have a huge impact on the entire industry. Well-established companies must begin to manage their products with a lifecycle-based approach, from pre-market to post-market, as opposed to considering regulatory approval as the ultimate product goal. Start-ups, with more limited resources, can first focus on their specialized, differentiating expertise in the very early stages instead of worrying about production capacity.

Regulatory and Legislative Perspectives

Implementation of a new system in China, such as the MAH, requires effort from diverse stakeholders and a range of accompanying measures. From the regulatory agency perspective, in addition to ensuring the safety, efficacy, and quality of the product, they must also evaluate the MAH's quality management and risk management capabilities and product liability during their review. Although the MAH takes the major role and responsibility in drug development, the presence and intervention of an insurance system can mitigate liability in case indemnity is required.

The regulatory agency has also been tasked to establish standards and guidance that will assist the MAH in developing minimal unit tracking, pharmacovigilance, and recall activities for each product.

Other new laws have been established and will be enforced to punish violators of the Drug Administration Law. Compared to previous versions, punishment will be more severe; for example, the fine has been multiplied more than six-fold for violators who manufacture drug products without a permit or who manufacture or sell adulterated drugs.

In the specialized area of therapeutic product development, balanced growth of the entire ecosystem is essential for the MAH, including biopharmaceutical and medical device/diagnostics companies, clinical sites/investigators, and experienced and reliable clinical research organizations (CROs) and contract manufacturing organizations (CMOs) to lower the cost and duration of new drug development.

The MAH regulation and the other supporting implementation rules and regulations will be continuously evaluated and developed by the Chinese Government to further guide future MAH operations in China.