

EU AI Act Overview



Topics

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EU AI Act: Overview

Process has been underway since 2021

21 April 2021

Proposal first published by the European **Commission**

6 December 2022

EU **Council** adopted its common position

14 June 2023

EU **Parliament** adopted its negotiating position

9 December 2023

EU bodies reach **political agreement** on a final draft

Political agreement

- High-risk AI systems pose "significant potential harm to health, safety, fundamental rights, environment, democracy and the rule of law"
- Also includes requirements for General Purpose AI models

EU AI Act: **Why it Matters**

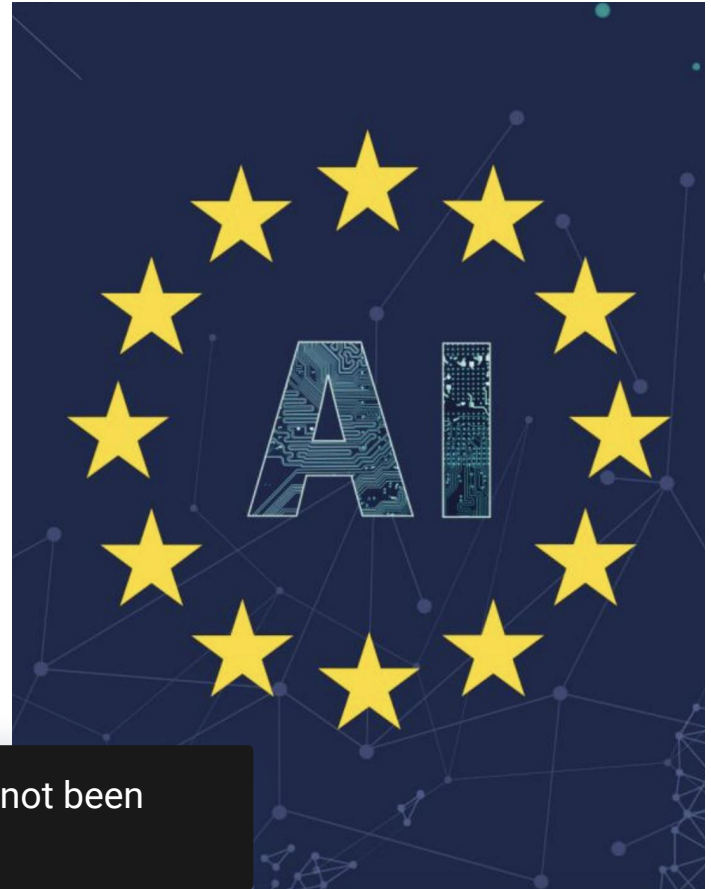
Current highest bar and broadest regulation to date once passed

- Brussels Effect (e.g. global bar like GDPR)
- Combined effect of EU AI Act and White House EO on AI (October 2023) is that RAI governance is no longer optional for organizations

Penalties

- **Up to 7% of global revenue**, potential criminal penalties for high-risk AI systems
- Grace period - **6 months** for prohibited uses, **12 months** for GPAI, **2 years** for others

As of January 10, the final text of the compromise draft has not been released.



EU AI Act: **Scope and Liability**

Cross-sectoral, horizontal, governed at the National and European Level (Titles VI and VII)

- Applies to those who provide AI in the EU market, deploy AI systems in the EU, and create AI outputs to be used in the EU

Categorizes AI systems by risk: unacceptable, high, limited, and minimal

- Different requirements for different risks of systems, including documentation, auditing, and governance
- For example, businesses must demonstrate compliance for high risk systems through approved conformity assessments (notified bodies required for high-risk systems)



Includes incentives for innovation, including regulatory sandbox (Art. 53 and 54) and support for SMEs (Art. 55)

EU AI Act: High-Risk Systems

“High-Risk” includes:

AI systems that are used in products falling under the EU’s product safety legislation or listed in the Act

This includes toys, aviation, cars, medical devices and lifts.

- certain critical infrastructures for instance in the fields of water, gas and electricity;
- medical devices;
- systems to determine access to educational institutions or for recruiting people;
- certain systems used in the fields of law enforcement, border control, administration of justice and democratic processes; and
- biometric identification, categorisation and emotion recognition systems

AND pose "significant potential harm to health, safety, fundamental rights, environment, democracy and the rule of law"

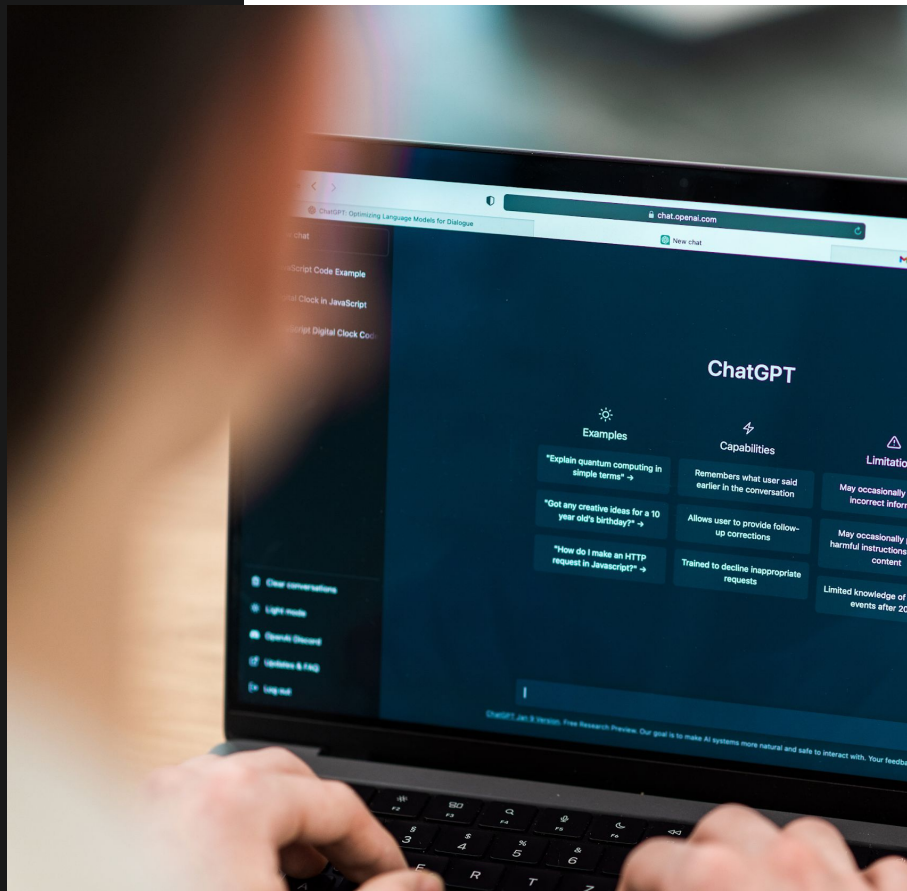


EU AI Act: **High-Risk Systems**

Compliance and Documentation Requirements (Title III, Chapter 2)

- AI system documentation
- Risk management framework
- Fit for purpose design
- Responsible data safeguards and governance
- Transparency
- Human oversight
- Accuracy
- Ex-ante conformity assessment and reassessment requirements as needed





EU AI Act: Rules for General Purpose AI

Distinguishes between two types - GPAI and GPAI that “poses systemic risk”

General requirements:

- Transparency and documentation
- Respect copyright
- Exceptions for open source, research

Requirements for ‘systemic risk’ GPAI:

- Model evaluation, adversarial testing
- Report on serious incidents
- Cybersecurity
- Environmental reporting

Ongoing Conversations



Test Compliance Early

Organizations can pledge to comply with the AI Act's requirements prior to the grace period and share learnings

Similar efforts at the G7 Level (eg G7 Code of Conduct)

Innovation Concerns



"We can decide to regulate much faster and much stronger than our major competitors. But we will regulate things that we will no longer produce or invent."

Emmanuel Macron, December 11, 2023

EU AI Act: Next Steps

Next step:

Final text released in early February

International Cooperation:

European standardization organizations will prioritize the use of international standards (such as those from ISO) that can help demonstrate compliance with parts of the Act

Grace periods - 6 months (banned uses), 12 months (GPAI), 2 years (everything else)

International harmonization efforts underway, notably at the G7 level

