

EU Artificial Intelligence (AI) Act

A glimpse into the proposed AI regulation



Regulation overview



What does it focus on?

- Human-centered AI principles
- Risk-based classification of AI systems



Who does it apply to?

- Providers, users, importers, and distributors of AI systems inside of the EU



When will it apply?

- The implementation dates remain subject to the EU Commission's ratification process. The Act is anticipated to take effect in 2024



Why should you care?

- A growing number of organizations are using AI systems to either improve efficiency, reduce costs, or create new businesses
- Non-compliance with the regulation may lead to a fine and regulatory censure

Overview of the key components



Identification of AI systems

Definition of AI systems includes machine learning, logic-and knowledge-based approaches, and statistical approaches



Risk-based Approach

Higher regulatory burden imposed when an AI system is likely to pose high risks to fundamental rights and safety



Conformity assessment

Conformity assessment procedure based on internal controls, which considers the quality management system, technical documentation



Post-market monitoring

Collection, documentation, and analysis of relevant data on the performance of high-risk AI systems throughout their lifetime



Incident report system

Reporting of serious incidents or malfunctioning leading to violation of fundamental rights

Penalties*



Infringements can lead up to **€30M or 6% of global annual turnover** if violating Art. 5 or Art. 10



Incorrect, misleading information submitted to notified bodies or NCAs: **€10M or 2% global annual turnover**



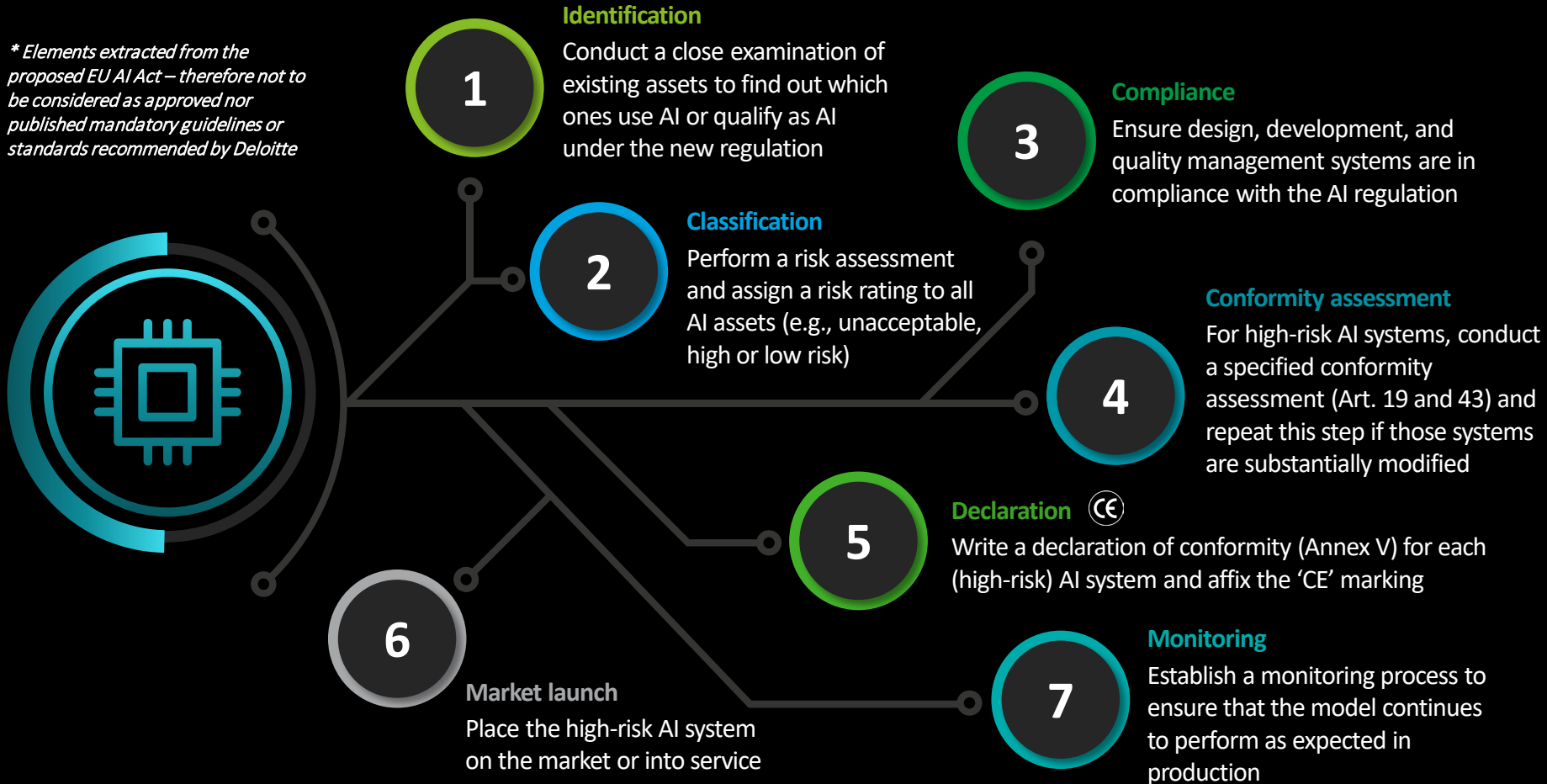
Other non-compliance with requirements or obligations may result in a fine of **€20M or 4% of global annual turnover**

* [resource.html \(europa.eu\)](#)



Steps towards compliance*

* Elements extracted from the proposed EU AI Act – therefore not to be considered as approved nor published mandatory guidelines or standards recommended by Deloitte



How Deloitte can help:

Deloitte has developed a range of algorithm services to assist firms prepare for regulatory requirements and gain comfort over their algorithm frameworks.

Please get in touch if you would like to hear more.



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Link to the EU AI Act proposal:
[resource.html \(europa.eu\)](https://resource.html.europa.eu)



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