



Artificial Intelligence Act

FACTSHEET #7
NOVEMBER 2023



Purpose of the Act

- Have a safe digital space, respectful of human rights, without holding back innovations.
- Address AI risks by creating a framework for the company's accountability and pushing them to control their frameworks.
- Support innovation and avoid regulatory burden (only high-risk AI applications should be strictly regulated).
- Create a strict liability project for non compliance.

Who will be affected by the AI Act ?

The Act impacts not only providers but also users, importers, distributors and product manufacturers.

**OPERATORS OF AI
LOCATED IN EUROPE**

**OPERATORS OF AI LOCATED OUTSIDE
EUROPE BUT OPERATING AI SYSTEMS
IN EUROPE**

**OPERATORS PUTTING INTO SERVICE AI
OUTSIDE EU BUT THE PROVIDER IS LOCATED
IN EU**

A technology-neutral definition of AI systems

Definition of AI by lawmakers

A software that is developed with one or more of the techniques and approaches and can, for a given set of human-defined objectives, generate outputs such as content, predictions, recommendations, or decisions influencing the environments they interact with.

Approaches: Machine learning, knowledge-based, Statistical.

EU lawmakers have classified AI depending on their risks in 4 different categories:

Impact and future requirement

Risk-based approach

UNACCEPTABLE RISKS

Prohibited from the EU market, those concerns AI that put people's livelihoods, safety and individual rights at risk. They deploy subliminal techniques, exploit vulnerabilities or use 'real-time' remote biometric identification systems.

HIGH RISKS

To be put on the EU market they must comply with multiple requirements and undergo a conformity assessment. They must be used as a safety component and for strict usages (eg biometric identification, law enforcement, education...)

LIMITED RISKS

They are allowed, nevertheless, its users will have to be aware of the existence of an AI, regarding the transparency obligation.

MINIMAL RISKS

They don't require reporting, their availability will be unchanged

The exemption

AI developers can avoid the high-risk automatic classification of their system when they respect certain conditions.

The exemption gives a benefit to providers of AI, to self-assess their models only to fit the conditions.

Therefore, lawmakers are very attentive to narrow its criteria in order to protect the philosophy of the Act.

Penalties

The new version of the AI Act allows **market surveillance authorities** to carry out evaluations of the AI system when they consider it high-risk.

A fine can be imposed if the market surveillance authorities have 'sufficient evidence' that the AI provider misclassified their system to circumvent the AI law.

If the operator of an AI system does not take adequate corrective action, **national supervisory authorities** will prohibit or restrict the availability of the AI systems.

The AI acts operates on the notion of 3 levels, depending on the violation :

1. Use of high-risk AI systems without data governance or violation of transparency requirements (up to 20 mil Euros or 4% of turnover).
- 2 Placing prohibited AI systems on the market (up to 40 mil Euros or 7% of turnover).
- 3 Other violations (up to 10 mil Euros or 2% of turnover).



Regarding the non-compliance of the AI system, attention should be on its origin, supply chain, nature of the non-compliance alleged and the risk involved.

Role of Internal Auditors

Top down approach

ASSESS GOVERNANCE FOR AI IN THE ORGANISATION

Advise on AI policy definition, implementation, inventory practices and risk assessments. Deep dive into AI systems developments. Give insight on the regulation applicable

INVEST IN AI KNOWLEDGE AND EXPERIENCE

Embed knowledge in the team (training, certification..) or bring external expertise. Set up a multi-disciplinary team

DEFINE THE AUDIT FRAMEWORK TO USE

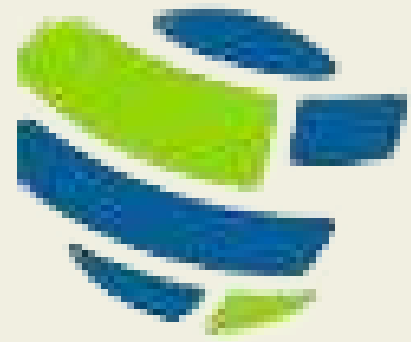
An audit program in 7 categories is described in a recent [ECIIA publication](#).

Position of EU institutions

- European Commission / Revealed a proposal for a new Artificial Intelligence Act in April 2021. They advocate for a technology-neutral definition of AI systems.
- Parliament / Adopted its negotiating position of the Artificial Act in June 2023. They advocate for a rigorous definition of high-risk systems and a ban on biometric identification.
- Council / Adopted its common position in December 2022 and still hasn't negotiated a final form. They advocate for a human-centric approach to AI regulation.

Futur steps of negociation

- Trilogue sessions took place in June, July, September, and October.
- Negotiations are currently going on between EU institutions.
- The final text is expected by the end of 2023



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