EU AI Act at a glance...

The EU AI Act entered into force on 1 August 2024. It has a phased transition and generally applies from 1 August 2026. Here we highlight some of the key aspects of the AI Act.

TIMING

Aug 2027 Annex I high-risk provisions apply, existing GPAI models must comply

Aug 2026

Act applies generally

Aug 2025

GPAI and penalties rules apply. MS appoint competent authorities

May 2025

Guidance due to be published

Feb 2025 Prohibited Al provisions apply

Aug 2024

Entered into force

Dec 2023 Provisional political agreement

April

Commission proposal

OVERVIEW

The EU AI Act entered into force on 1 August 2024. It is a Regulation, meaning it is directly applicable in Member States. The Act has a phased transition, although it generally applies from 2 August 2026.

Risk based:

Different rules for different risk categories (prohibited, high, limited + minimal risk) + rules for General Purpose AI (GPAI) models

Scope:

Applies to across supply chain (providers, deployers, distributors, importers etc.) and across sectors (subject to some exclusions)

Extra-territorial reach:

Established in EU or systems/models/services placed in EU, or outputs used in EU

Fines:

Range from €35 million or 7% of worldwide annual turnover to €7.5 million or 1.5% (depending on infringement)

Definition of AI Systems:

Originally criticised as too wide. Now more aligned with OECD definition.

= a machine-based system with varying levels of autonomy, may exhibit adaptiveness after deployment, infers from the input how to generate outputs (predictions, content, decisions etc.) that can influence physical or virtual environments

EXCLUSIONS

- → Only applies within scope of EU law (e.g. not national security)
- Number of exclusions e.g. exclusively for military, defence or national security purposes
- Other exclusions include: scientific R&D, personal activity, some testing and development activity, some open source licences etc.)

RISK BASED

Two types of high-risk Al - Annex I and Annex III. Annex III has a carve out for Al systems that do not pose a significant risk of harm

Unacceptable risk = prohibited (e.g. social scoring, systems that manipulate human behaviour etc. - see overpage)

High-risk = subject to specific obligations e.g. risk management, data governance + testing (e.g. cv scanning, AI in critical infrastructure, medical devices etc.)

Limited risk = require additional transparency obligations (e.g. retail chatbot, deepfakes etc.)

Minimal risk = no additional legal obligations (e.g. spam filters etc.)

GENERAL PURPOSE AI MODEL (GPAI)

Not covered in original Commission draft. Parliament + Council introduced different proposals. Became a key area of contention in negotiations

Obligations on providers and their authorised representatives. E.g. providers must draw up technical documents, comply with EU copyright law + disseminate summaries about content used for training etc. Some exemptions re free publicly available models

GPAI models with systemic risk (high impact capabilities) = more stringent obligations E.g. notification to Commission (who will keep list), model evaluations, assess/mitigate systemic risks, conduct adversarial testing, report serious incidents and ensure cybersecurity of model and its physical infrastructure.

N.B. Voluntary code of practice (to help Act's application) to be agreed by 2 May 2025.

EU AI Act at a glance...

Overview continued...

WHO IS COVERED

Who is covered: Al Supply Chain

- **Provider:** develops AI system / GPAI (or has it developed) and places on market or puts into service under own name or trademark (whether for payment of free)
- Authorised representative: non-EU provider's local rep located/established in EU
- Manufacturer: product manufacturer defined under relevant New Legislative Framework sectorial legislation (where high-risk AI System is a safety component of product covered by framework) = should comply with provider's obligations
- **Deployer:** uses Al system under its authority (personal non-professional activity exemption)
- **Importer:** located/established in EU and places on market or puts into service an Al system that bears the name or trademark of non-EU person
- **Distributor:** any person in supply chain, other than provider or importer, that makes an Al system available on the EU market

HIGH RISK

High-risk Al Systems

These include AI Systems which are:

- 1. products (or safety components of products) falling under the EU's product safety legislation (e.g. toys, aviation, cars, medical devices, lifts etc.) listed in Annex I + which require a 3rd party conformity assessment
- in the areas listed in Annex III and which pose a significant risk of harm to the health, safety or fundamental rights of natural persons. The list includes biometrics (where permitted), safety components in critical infrastructure, education. employment, essential services (both public e.g welfare, and private e.g. credit scoring and life insurance), law enforcement, migration, judiciary etc.

They are subject to a wide range of obligations, including for risk management, data governance, notification and testing. Note: some exemptions for systems put on market / into service pre 2 Aug 2026.

UNACCEPTABLE RISK

Unacceptable risk - prohibited

Some Al practices are prohibited, e.g. Al which:

- Deploys subliminal or deceptive techniques to materially distort behaviour and impair ability to make an informed decision (likely to cause significant harm)
- Exploits the vulnerabilities of people (due to their age, disability, social or economic situation) to affect their behaviour (reasonably likely to cause significant harm)
- Social scoring based on social behaviour or personal characteristics
- Certain biometric categorisation systems and real-time biometric use in publicly accessible spaces for law enforcement unless strictly necessary for specific listed purposes and subject to conditions
- Untargeted scraping of facial images from the internet or CCTV footage to create or expand facial recognition databases
- Infers emotions in certain circumstances (work, education) except if for medical or safety reasons

AI @ SLAUGHTER AND MAY

As Al adoption increases, and governments and regulators across the globe grapple with how best to regulate AI, you need to ensure that you have considered and managed a wide range of issues when developing or deploying Al solutions.

Technological developments create new opportunities and risks, and regulators and legislators are considering how existing rules apply as well as how new laws and guidance will fit into the existing matrix of regulation.

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GOVERNANCE

Sits in Commission - key coordination and monitoring role. Also oversees most advanced AI models (GPAI models) Fostering standards, testing practices + enforcement in member states. Advised by scientific panel of Al experts

Al Board:

Member states' representatives = co-ordination platform + advisory body to Commission (e.g. design codes of practice for GPAI models). Advisory Forum (industry reps etc.) gives technical expertise

National competent authorities:

Each member state should designate at least one notifying authority and one market surveillance authority (the latter being their single point of contact) by May 2025

Foster innovation:

SANDBOX

Each member state to establish at least one regulatory sandbox (can be joint). EDPS may also do so (for EU institutions)

This material is for general information only and is not intended to provide legal advice. April 2025.