

Webinar

# AI Rules Are Changing: Key Regulatory Updates for 2025 & 2026

14th January, 2026





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Session**

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# Webinar Platform Tips

# Meet the Team



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# Mission Statement

**Ensure global companies have the tools & information to build safe, sustainable, products in a world full of change**

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Regulations

**195**  
Countries

**10<sup>+</sup>**  
Industries

**28**  
Languages

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Expert Queries answered



WHAT WE DO

# Unlocking Market Access

Keep on top of regulatory changes and their impact worldwide. Early warning alerts, impact probability, productivity workflow tools and so much more.





Compliance & Risks

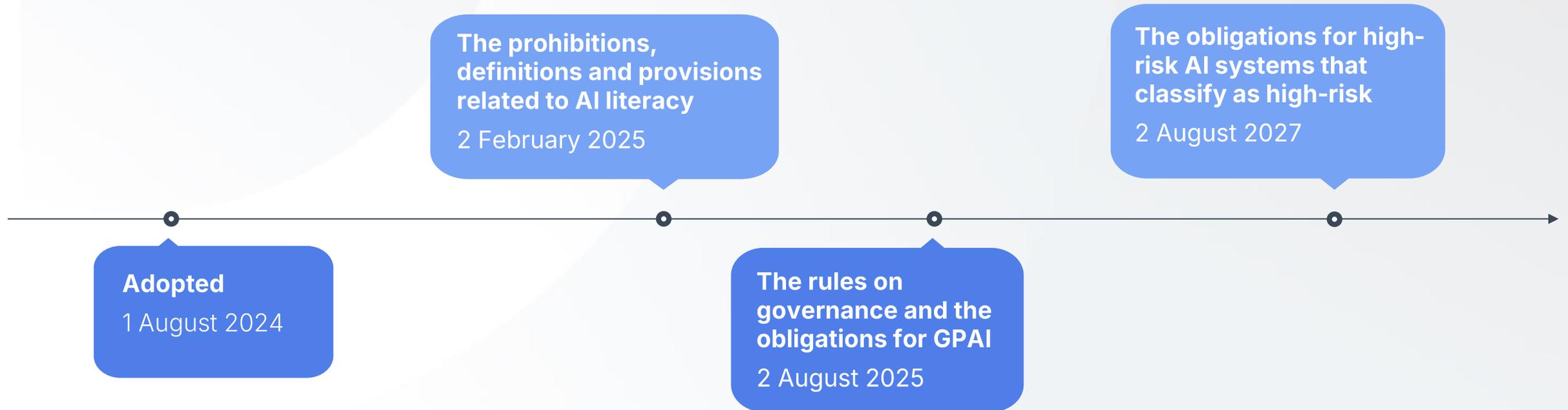
# EU AI Act

Fostering Innovation While Managing Risk



→ | [complianceandrisks.com](https://complianceandrisks.com)

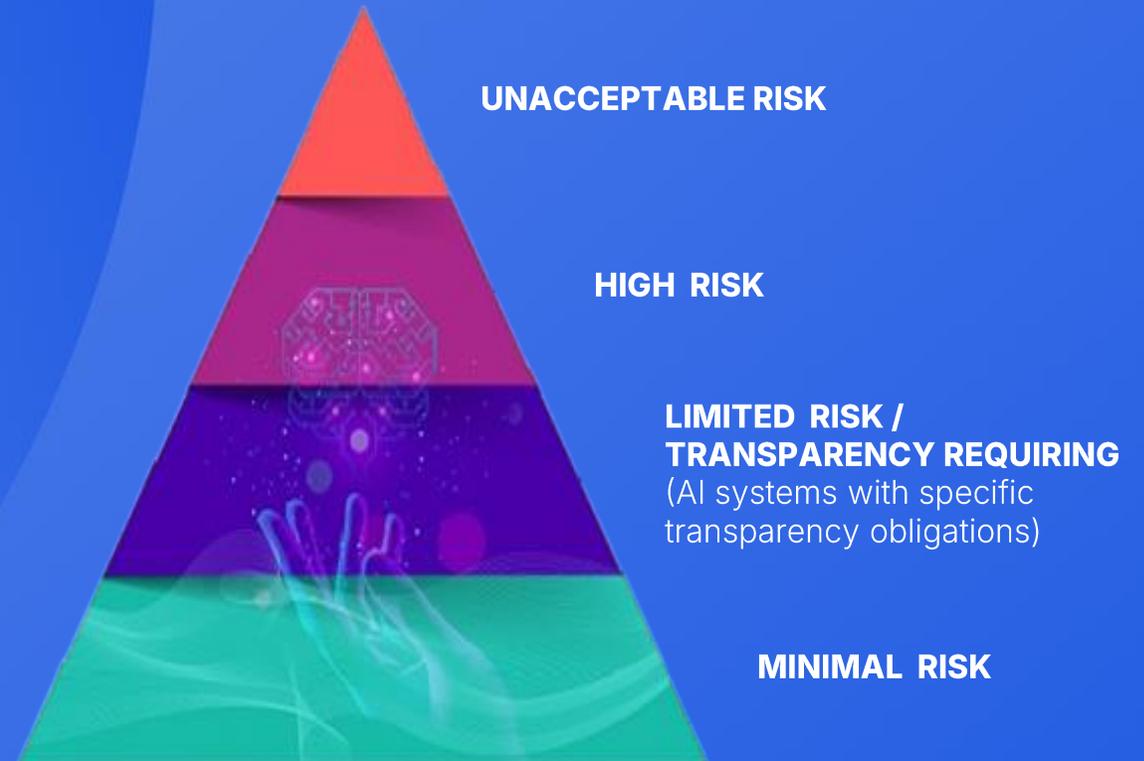
# Timeline



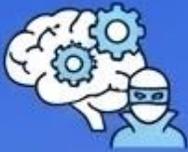
# The European Union

## Risk-Based Approach

- As of 2 February 2025, the ban on prohibited AI systems has been enforced
- Risk-Based Tiers: Unacceptable, High, Limited (*Transparency Requiring*), Minimal
- Update: Revised guidelines for general-purpose AI models (as of *January 2025*)



# Unacceptable Risk: 8 Banned AI Practices



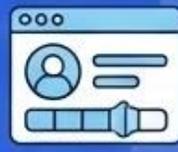
## Subliminal manipulation

Techniques to distort behavior and impair decision-making.



## Exploitation of vulnerability

Targeting age, disability, or social/economic situation.



## Social scoring

General purpose scoring leading to detrimental treatment.



## Predictive policing based on profiling

Risk assessment for individuals based on personality or characteristics.



## Unauthorized facial recognition databases

Untargeted scraping of facial images from the internet/CCTV.



## Emotion recognition in specific contexts

In workplaces and educational institutions, except for safety reasons.



## Biometric categorization for sensitive attributes

Based on race, political opinions, trade union membership, etc.



## Real-time remote biometric identification in public spaces for law enforcement

Except in narrowly defined situations for law enforcement.

# — Transparency Requirements

First Draft Code of Practice on Transparency of AI-Generated Content

Key objective is to ensure users are informed and empowered through responsible and trustworthy AI development within the EU.

- a) Mandatory Disclosure
- b) User Awareness
- c) Timeline: 2 August 2026

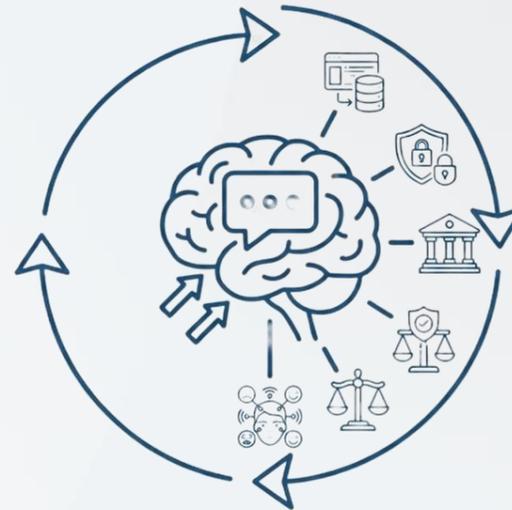


# Proposal for a Change: Digital Omnibus on AI

**Digital Omnibus on AI ≠ Digital Omnibus**

**Proposed Changes Cover:**

- Redefining Timeliness for High-risk AI
- Support for Small and Growing Businesses
- Centralized Oversight and Framework Clarity
- Streamlining Conformity Assessment
- Fostering Innovation and Testing



# — Redefining Timelines for High-risk AI

**Readiness-Based Application (Art. 113):** Compliance for high-risk systems now depends on the availability of supporting measures (*standards/guidance*).

## **New Deadlines:**

- **Annex III (Specific Use Cases):** 6 months after the Commission's "readiness decision" or **Dec 2, 2027** (*whichever is earlier*).
- **Annex I (Regulated Products):** 12 months after the decision or **Aug 2, 2028** (*whichever is earlier*).
- **Transitional period for Gen-AI:** Providers of generative AI systems already on the market before August 2, 2026, until **February 2, 2027**.

**Legacy Systems (Art. 111):** Generally exempt from re-certification unless a "*significant change*" occurs.

# Support for Small & Growing Businesses

1. Expansion to "Small Mid-Caps" (SMCs)
2. Simplified Requirements:
  - a. Easier technical documentation.
  - b. QMS proportionate to company size.
  - c. Economic viability considered during penalty calculations.
3. **AI Literacy:** The *mandatory* to "**encouragement**"
4. Removing Minor Registration Burden
5. Post-Market Flexibility



# Centralized Oversight & Framework Clarity

**AI Office Exclusive Competence (Art. 75):** It'll have sole authority over:

1. Systems where the GPAI model and the system share the same provider.
2. Systems integrated into Very Large Online Platforms.

**Legal Basis for Bias Detection (Art. 4a):** Processing "*special categories*" of personal data solely to detect and correct bias

# Streamlining Conformity Assessment

Single Application Process (Article 28)

Eliminating Duplication

Prioritizing Sectoral Law (Article 43)

Annex XIV Categorization

## The Three Pillars of AI Coding:

- AIP Codes (Product)
- AIB Codes (Biometric)
- AIH Codes (Horizontal)



# Fostering Innovation & Real-World Testing

## EU AI Regulatory Sandbox (Article 57):

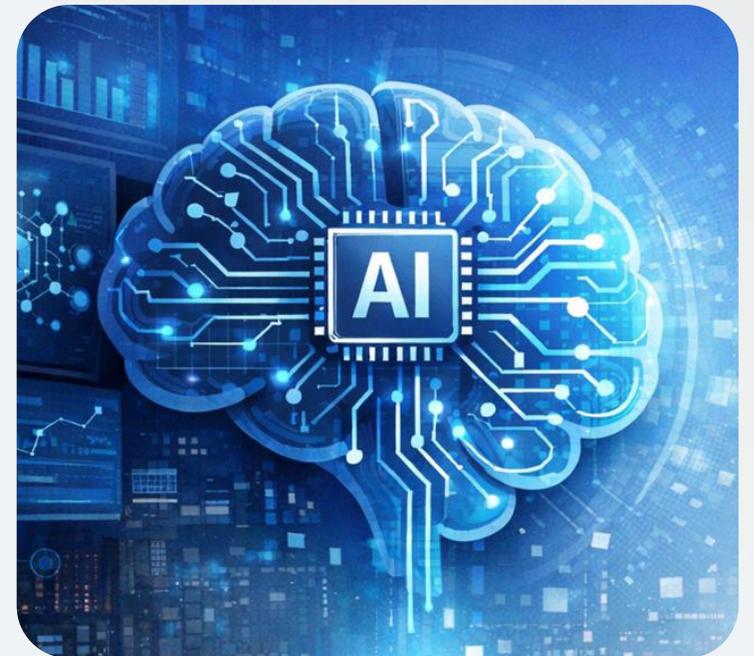
- Established by the AI Office.
- Priority access for SMEs and startups to test systems under regulatory supervision.

**Expanded Real-World Testing (Article 60):** \* Extended to high-risk systems covered by Annex I, Section A.

- Allows testing outside the sandbox environment.

**Voluntary Testing Agreements (Article 60a):** \* Collaboration between the Commission and Member States.

- Focused on Annex I, Section B (e.g., Civil Aviation) for real-world conditions.



# South Korea: AI Basic Act



## Framework Act on the Advancement of AI and the Establishment of Trust-Based Systems:

*Enacted on 21 January 2025. Effective on 22 January 2026.*

- Consolidates 19 separate AI bills into a unified framework that covers everything from research funding to safety requirements, making it one of the world's most complete AI regulatory approaches.
- High-impact AI requires **risk assessments, safety & transparency documentation**; conformity obligations vary by subordinate rules currently in development.
- Business operators expected to maintain monitoring, report incidents, and maintain logs; specific reporting obligations will be detailed in subordinate regulations
- **Articles 31–34** (transparency, safety, responsibilities of AI business operators) set broad obligations - subordinate rules will specify conformity/reporting.

# AI Basic Act: Continued

The law applies beyond South Korea if it affects its market or users, excluding AI for national defense/security as government-specified.

## Ensuring AI Transparency (Article 31)

AI operators must disclose when high-impact or Gen AI is used and clearly label Gen AI-created outputs and realistic media. Exceptions exist for artistic contexts where it doesn't impede enjoyment; details are set by Presidential Decree.

## Ensuring AI Safety (Article 32)

Operators of high-capacity AI must manage risks throughout the AI lifecycle, maintain a risk management system, report safety measures to the government, and adhere to publicly announced guidelines.



# AI Basic Act: Continued



## Confirmation of High Impact Systems (Article 33)

AI operators must assess whether their AI systems are “high-impact” and can request government confirmation; the Minister may consult experts, issue guidelines, and set detailed procedures by Presidential Decree.



## Obligations of High-Impact AI Business Operators (Article 34)

Operators of high-impact AI must implement risk management, user protection, human oversight, explainability, and documentation measures to ensure safety and trustworthiness; the government may issue guidelines, and compliance with equivalent existing measures fulfills these obligations.



## Impact Assessment of High-Impact AI (Article 35)

AI operators should conduct a human rights impact assessment for high-impact AI, and government bodies should prioritize products that have been assessed; detailed rules are set by Presidential Decree.

# Designation of Domestic Representative

Foreign AI businesses without a local South Korean presence must appoint a domestic representative (with a Korean address/business location) if they meet specific thresholds (user numbers, revenue, etc.).

**The appointed domestic representative is tasked with crucial responsibilities, including:**

- Reporting compliance with AI safety measures (Article 32).
- Requesting government confirmation on the qualification of "high-impact" AI (Article 33).
- Supporting safety and reliability measures for high-impact AI, which includes documentation verification.

The foreign AI operator maintains legal responsibility for any violations committed by the designated domestic representative.

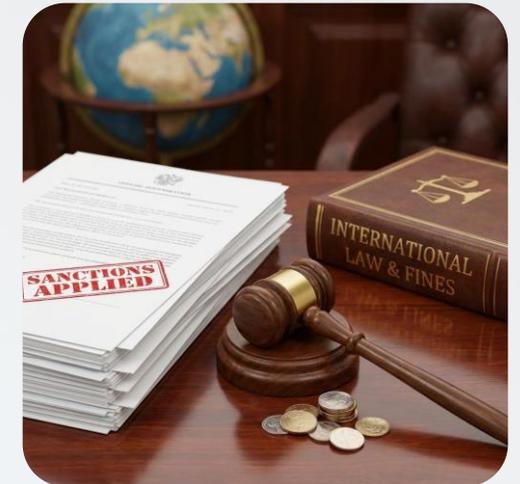


# Basic Act: Penalties

*Moderate in monetary value but high in compliance impact: Articles 43 & 43*  
AI business operators may be fined up to **KRW 30 million (≈ USD 22,000)**

## Violations may include:

- **Failure to Disclose AI Use**
  - Businesses must notify users when a product or service uses high-impact AI, involves generative AI, or AI-generated audio, images, or video may be mistaken for real content
- **Failure to Appoint a Domestic Representative (Foreign Companies)**
  - Applies to foreign AI companies that meet user or revenue thresholds stating that a Korean-based domestic representative must be appointed and reported
- **Failure to Comply With Corrective or Cease Orders**
  - If authorities identify violations (e.g., safety, transparency, or reporting failures), they may issue corrective or cease-operation orders



# Japan: Act on the Promotion of Research and Development and Utilization of AI-Related Technologies (AI Promotion Act)

*Effective 4th June 2025.*

- No formal conformity assessment or mandatory legal reporting under the Act; existing sectoral safety laws and voluntary best practices/guidelines apply.
- The Act establishes principles and a policy framework, not detailed compliance requirements for private actors
- Japanese AI regulation currently augments existing product safety frameworks.



# Implications for Selling AI or Smart Products in Japan

## A. Mandatory Compliance



### Electrical & Appliance Standards



- Must meet Japanese safety & technical regulations (e.g., PSE mark, EMC, energy efficiency).

### Consumer Protection Laws



- Product labeling, liability, and warranty obligations are enforced.

# Implications for Selling AI or Smart Products in Japan

## B. Recommended Practices (Soft Law)

### Human Oversight



Implement human oversight in AI systems.

### Transparency & Disclosure



Include transparency statements about AI functions in your product or app.

### Data Privacy & Security



Ensure data privacy and security according to Japanese law.

### Ethical AI Guidelines



Follow industry guidelines for ethical AI — e.g., Ministry of Economy, Trade & Industry (METI) or private standards.

# Implications for Selling AI or Smart Products in Japan

## Companies ignoring soft law may:

- Face reputational risks, especially if the product fails or causes harm.
- Lose government or industry support, partnerships, or participation in smart city programs.
- Be scrutinized by consumer advocacy groups.

In practice, international companies selling AI-enabled products often voluntarily adopt these guidelines to gain trust and reduce litigation or liability risk.

Ignoring soft law may not trigger fines, but it can impact consumer trust and business opportunities, which in Japan is a serious commercial consideration.



# Vietnam: Luật Trí tuệ nhân tạo (Artificial Intelligence Law)

*Passed by the National Assembly on December 10, 2025 and effective from March 1, 2026.*

First standalone AI law in Vietnam establishing risk frameworks, human oversight principles, and innovation promotion while protecting users.

- Risk-based classification framework for AI systems (high, medium, low, unacceptable).
- Obligations for transparency, labeling, conformity assessments, national AI database, accountability, safety and national security protections.
- Applies to both domestic and foreign entities whose AI systems affect users or markets in Vietnam.



# — Vietnam: Luật Trí tuệ nhân tạo (Artificial Intelligence Law)

- Conformity assessment required before operation for high-risk AI systems (risk classification, safety checks) under Art. 13–14.
- Mandatory incident reporting & supervision (single-window portal, national AI system database) under Art. 8 & 12 for serious incidents.
- Art. 9 defines risk classifications; Art. 11 on transparency; Art. 12–14 on reporting and conformity assessment requirements.

Establishes risk classifications and requires conformity assessment before placing high-risk AI into operation.

AI incident reporting through a central portal is mandated for serious incidents, plus a national AI system database to support oversight.



# Vietnam: Luật Trí tuệ nhân tạo (Artificial Intelligence Law)

Smart products still must comply with Vietnamese national product safety standards for EEE and appliances (e.g., electrical safety, EMC) alongside any AI conformity obligations.

## If AI components:

- Influence human safety;
- Make operational decisions; and
- Interact with sensitive personal data

They are likely classified as high-risk and require documentary conformity, oversight, and monitoring.



# Key Trends in the Chinese AI Regulatory Landscape

- Targeted Approach
- Generative AI/Deep-fakes
- Security
- Specific Application
- Content Control
- Risk-Based Approach
- Draft Rules for Human Like AI



# China (AI Content Labeling)

China regulates AI systems and services primarily through the AI Content Labeling Measures and sectoral standards. Although a singular EU-style AI product law is absent, AI in consumer electronics must adhere to multiple regulatory frameworks:

- Measures for the Indication of AI-Generated and Synthetic Content (CAC, effective 1 Sep 2025) and related labeling standard GB 45438-2025.
- China's labeling regime acts as a compliance requirement for generative AI output, similar to an EU conformity regime, with sector rules potentially adding pre-deployment requirements.
- Platforms must perform ongoing content monitoring, compliance reporting to authorities upon request, and often maintain logs and metadata.
- Platforms are required to label AI content, embed metadata, and keep monitoring records for inspection.

# Draft Human Like Interactive AI Draft Rules

China's draft rules on human-like AI aim to regulate chatbots and AI systems that simulate human behavior, balancing innovation with user safety, mental health, and social stability.

## Key requirements include:

- Clear AI identification and usage alerts
- Monitoring and intervention for psychological or behavioral risks
- Content restrictions to prevent harm or illegal activity
- Compliance with data privacy and security laws

While ambitious in scope, the rules are vague in implementation details and raise potential concerns around surveillance and ethical use.

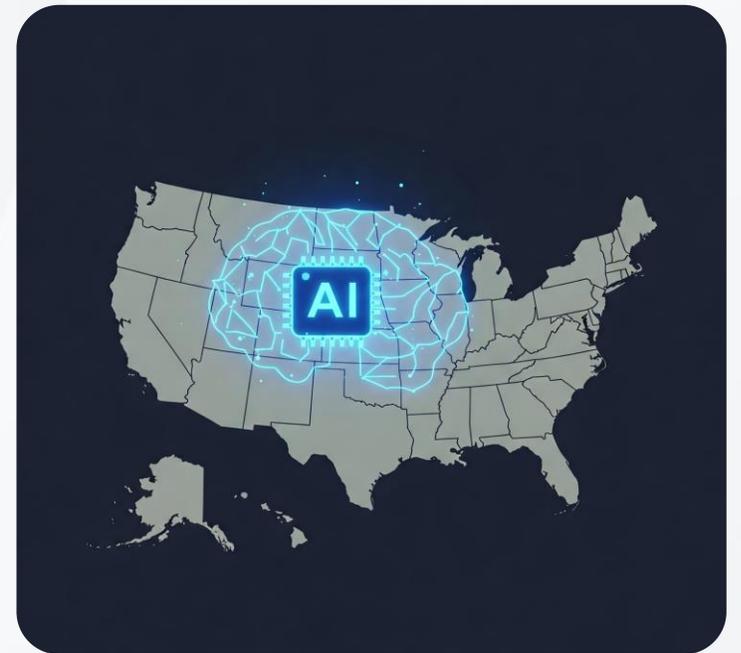
The draft is currently open for public consultation and reflects China's first major effort to govern AI's emotional and social impacts.

[Link to Public Consultation](#)

Deadline: 25th January 2026

# Key Trends in the US AI Regulatory Landscape

- Innovation
- Deregulation
- Strategic Competition
- Ethical AI
- Sector Specific Initiatives
- State-Led Initiatives



# Challenges for Business in the US AI Regulatory Landscape

- Comprehensive AI Regulation
- Ethical AI
- Employee Concerns
- Implications of AI Infrastructure
- Best Industry Practises
- Cost of Compliance



# US: Ensuring a National Policy Framework for Artificial Intelligence

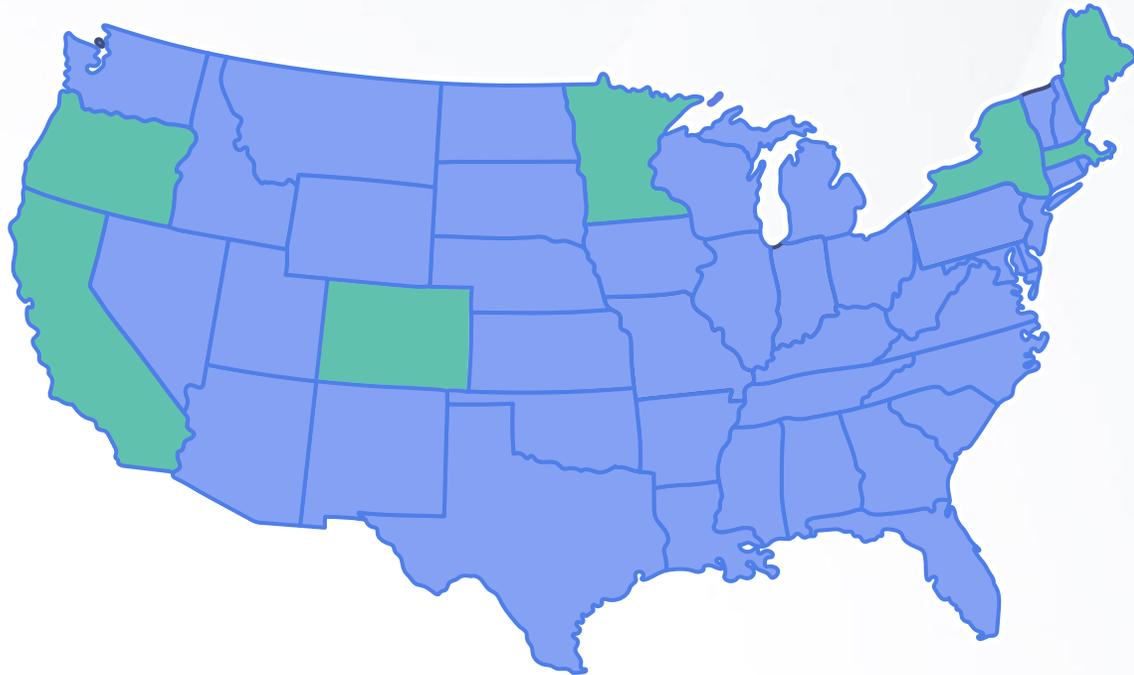
*Executive Order 14365 (Federal Register (mid-December 2025))*

This EO represents one of the most significant federal AI policy moves to date, aiming to shift AI regulation from a state-by-state patchwork to a federal-centered framework.

- **Goal:** Reduce fragmented state regulations and support innovation.
- **Enforcement:** DOJ task force, federal standards, and funding conditions.
- **Impact:** State AI laws remain for now, but legal challenges loom.



# US: Upcoming Key State Laws and Deadlines



State	Name	Effective Date
<b>Connecticut</b>	Connecticut AI-related amendment to Data Privacy Act	1 July 2026
<b>California</b>	California AI Transparency Act (SB 942)	2 August 2026
<b>Colorado</b>	Colorado Artificial Intelligence Act (SB 24-205)	30 June 2026
<b>Texas</b>	Texas Responsible Artificial Intelligence Governance Act	1 Jan 2026
<b>California</b>	Transparency in Frontier Artificial Intelligence Act (SB 53) – Signed <i>September 25, 2025</i>	Key Provisions throughout 2026 -2027
<b>New York</b>	<i>New York RAISE Act</i>	2027
<b>California</b>	California ADMT Compliance	1 Jan 2027

# Key Takeaways For Businesses

## EU:

- The ban on Unacceptable Risk AI systems such as social scoring became legally enforceable on 2 February 2025.
- A new Digital Omnibus on AI proposal may extend compliance deadlines for high-risk systems to 2027 or 2028.

## South Korea AI Basic Act: *Effective 22 January 2026*

- Foreign businesses meeting certain thresholds must appoint a domestic representative.

## Vietnam's Risk Framework: *Effective 1 March 2026*

- Law mandates conformity assessments and incident reporting for high-risk AI.

## China & Japan Compliance:

- China enforced AI labeling on 1 September 2025
- Japan relies on soft law guidelines to manage commercial risk.



# Questions?



# Let's Talk



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