EU AI Act
Overview

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Introduction

The EU AI Act establishes a risk-based regulatory framework for the regulation of AI systems and certain AI models in the EU. In essence, it **regulates the underlying AI technology** based on **how that technology is used**.

This document is intended to help companies quickly navigate some of the key concepts under the AI Act. Our more detailed guide to the AI Act is accessible here.

How does the AI Act work?

For most organisations using AI, the following three questions will largely determine the extent of their obligations under the AI Act:

1. Is the organisation using/developing an "**AI system**" within the meaning of the AI Act?

2. What is the "**role**" of the organisation under the AI Act?

3. What is the **risk** classification of the AI system?

AI systems under the AI Act

The key elements of the definition of an "AI system" include that it is designed to operate with varying levels of **autonomy** and that it can **infer** from the input it receives how to generate outputs such as predictions, content, recommendations or decisions. While this term is defined broadly, it does not include simpler traditional software such as systems based on rules defined by individuals to automatically execute tasks.

AI Act role

The AI Act sets down several "roles" and an organisation's obligations will largely follow the "role" that they find themselves in.

ROLE	DESCRIPTION
Provider	This is the party which **develops** an AI system (either directly or by having an AI system developed on its behalf).
Deployer	This is the party which **uses** an AI system.
Importer	This is the party located in the EU which **places on the market** an AI system that bears the name or trademark of a natural or legal person established in a third country.
Distributor	This is a party in the supply chain (other than the provider or the importer) that makes an AI system available in the EU.

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Risk classification

The AI Act regulates "AI systems" that fall into one or more of the categories set out in the table below.
AI systems that do not fall into any of these categories will fall outside the scope of the AI Act entirely.

PROHIBITED	HIGH-RISK	TRANSPARENCY
AI systems within this category cannot be used in the EU.	AI systems in this category are subject to detailed governance and documentation obligations.	AI systems in this category are subject to targeted transparency obligations depending on their use.
Examples: AI systems deploying manipulative techniques, targeting vulnerabilities and making criminal risk assessments.	**Examples:** AI systems that operate in areas connected to employment, biometrics, creditworthiness evaluations and product safety. **Obligations:** For providers, include data quality standards, and the production of appropriate technical documentation. For deployers, include appropriate monitoring of AI systems in use and ensuring input data is representative.	**Examples:** AI systems designed to directly interact with individuals and those that generate synthetic content among others. **Obligations:** For providers, include appropriate transparency notices and watermarking. For deployers, include appropriate notices.

General purpose AI models

The AI Act creates a parallel regime for the regulation of general purpose AI models (**GPAI**). AI models are the underlying infrastructure upon which AI systems are built upon. AI models require the addition of further components, such as for example a user interface, to become AI systems.

Broadly speaking, GPAI models are a particular type of AI model that display "*significant generality*" and are "*capable of competently performing a wide range of distinct tasks*" – e.g. large language models.

The providers of GPAI have additional obligations depending on their scale. The obligations are designed to ensure (amongst other things) that developers using GPAI in their AI systems have appropriate information relating to the underlying models and that they comply with EU copyright law.

Enforcement

With the exception of the obligations that apply to GPAI models, which will be supervised and enforced by the European Commission, the majority of the obligations under the AI Act will be enforced by national competent authorities. The maximum penalty varies depending on the obligation that is breached but the largest fines are up to the higher of **€35m** or **7% of annual worldwide turnover**.