1. The AI Regulatory Landscape

2. Building an Ideal (Domestic) AI Regulatory Environment

The AI Regulatory Landscape

AI regulation

EU AI Act

standardization

NIST RMF

trustworthy AI

AI policy

AI ethics

responsible AI

AI regulation

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trustworthy AI
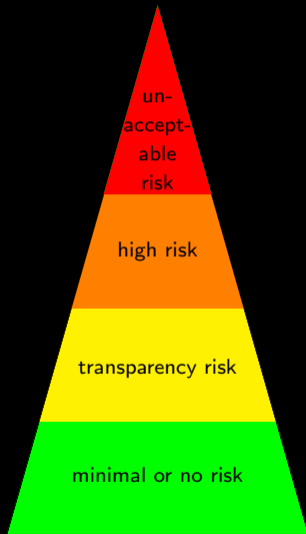
AI policy

AI ethics

responsible AI

Inconsistency

industry (best practices)
& national regulators

Building an Ideal (Domestic) AI Regulatory Environment

Adopt, Simplify, and Streamline

Pyramid (top to bottom):
- un-accept-able risk
- high risk
- transparency risk
- minimal or no risk

- **Risk-based** approach (using the EU AI Act as an example):
  - prohibited (e.g., social scoring),
  - permitted subject to compliance with AI requirements and ex-ante conformity assessment (e.g., critical infrastructures),
  - permitted subject to information/transparency requirements (e.g., chatbots),
  - permitted with no restrictions (e.g., AI-enabled video games or spam filters).
- Regulating the **application**, not the technology.
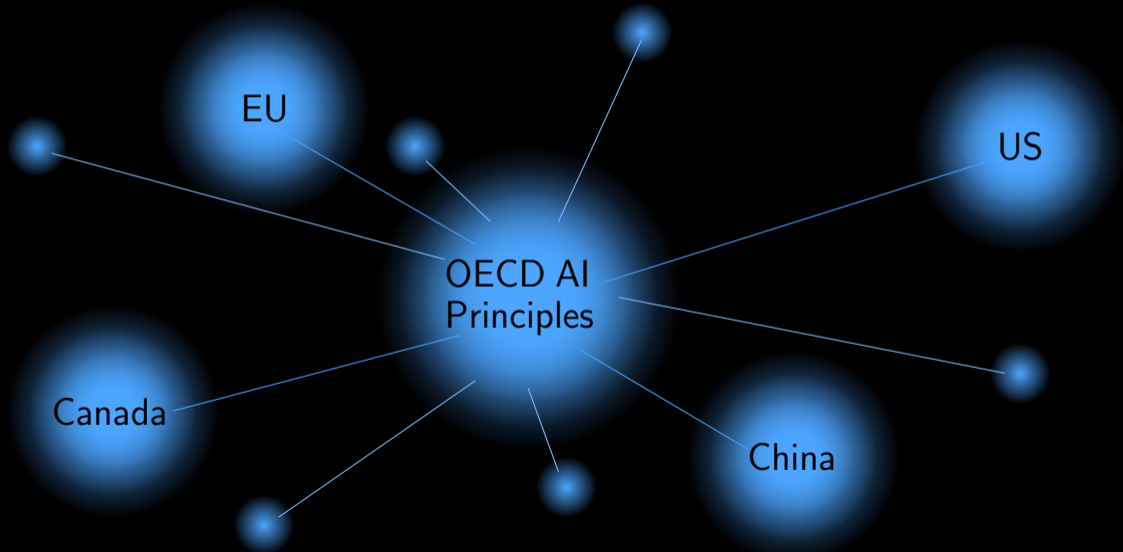
No.	Name of Principle	Examples
Principle 1.1	Inclusive growth, sustainable development, and wellbeing	protecting people and planet, reducing inequalities
Principle 1.2	Human-centered values and fairness	bias, privacy/data protection, (human) rights, democratic values, human oversight
Principle 1.3	Transparency and explainability	notification about interactions with AI systems, accessible explanation of output
Principle 1.4	Robustness, security, and safety	traceability, risk management
Principle 1.5	Accountability	appropriate policies, processes, compliance with the law

OECD AIPs	EU: AI Act (Proposal)	US: Blueprint for an AI Bill of Rights	Canada: AI and Data Act (Proposal)	China: Management of Generative AI
AIP 1.1	protecting fundamental rights (Recital 5)	protecting people from harm	responsible AI innovation and adoption	
AIP 1.2	data & data governance, human oversight (Articles 10, 14)	algorithmic discrimination, data privacy, human alternatives	fairness and equity, human oversight and monitoring	no discrimination, IP/other rights (Articles 4.2-4.4)
AIP 1.3	transparency and provision of information to users (Article 13)	notice and explanation	transparency	transparency (Article 4.5)
AIP 1.4	risk & quality management system (Articles 9 & 17)	safe and effective systems	safety, validity and robustness	accuracy, reliability (Article 4.5)
AIP 1.5	technical documentation & record-keeping (Articles 11-12)	notice and explanation	accountability	

Use Consistent and Scientifically Faithful Terminology and Taxonomies

"an AI model that is trained on broad data at scale, is designed for generality of output, and can be adapted to a wide range of distinctive tasks"

"an AI system that can be used in and adapted to a wide range of applications for which it was not intentionally and specifically designed"

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foundation model (Article 3(1c) AI Act)

"an AI system that can be used in and adapted to a wide range of applications for which it was not intentionally and specifically designed"

general purpose AI system (Article 3(1d) AI Act)

transparency/explainability/interpretability

Increased Regulatory Efficiency & Reduced Regulatory Burden

- Regulators of **interdependent** regulatory domains should operate as a consistent, coordinated system.
- Name a domain AI does **not** affect... $\Rightarrow$ regulatory architecture and governance design is tricky, do not underestimate it.

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- Some basic considerations:
  - governance options:
    - **specialized** AI regulatory agency,
    - **domain-specific agencies** pick up AI tasks (likely supported by some coordinating body $\Rightarrow$ either way there is some "leading" AI authority),
  - modern regulatory best practices:
    - **decentered, ecosystem approach** $\Rightarrow$ need for coordination between regulators and all affected stakeholders (know how is dispersed!).

- "Lead" coordinating body/AI agency ideally possesses:
  - AI-ready infrastructure (e.g., diverse—including technical!—expertise),
  - global foresight on best practices,
  - organizational experience in AI-adjacent regulatory domains is an advantage (e.g., knowledge of regulatory clusters like DMA/DSA/DATA act...),
- Getting governance right makes regulation much more efficient and lightens regulatory burden on regulatees.

The Devil Lies in the Implementation

- Layers of abstraction, from general to specific:
  - **high-level principles** (e,g., OECD AI Principles, corporate AI ethics policy),
  - more specific, but still inevitably **general regulations** (e,g., EU AI Act),
  - relatively **detailed standards** (e,g., ISO/IEC 24368 Ethical and Societal Concerns),
  - customized, precise **implementing measures** (e,g., corporate implementing measures).

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- Regulation is inevitably **abstract**, yet implementation is **very concrete**. . .
- How to balance those conflicting needs?
  - **Multi-tier regulatory frameworks** (e.g., Lamfalusssy framework in EU financial sector)? ⇒ Increased **flexibility**, allowing for complementing higher-level rules with implementation guidance/readily implementable rules.

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Thank you for your attention!