Steptoe | EU AI Act Decoded

What Are the Risks in Case of Non-Compliance with the EU AI Act?

For a refresher on the notions of "Prohibited Al systems", "High-risk Al systems", "Al systems subject to specific transparency obligations", "General-Purpose Al (GPAI) models", "Provider", "Deployer", "Importer", "Distributor", "Authorized Representative", please consult our previous EU Al Act Decoded issues on "Classification of Al systems and GPAI Models" and "Who will the EU Al Act apply to?".

Non-compliance with prohibition of the Al practices

(Art. 99.3)

Fines up to EUR 35M / 7% of total worldwide annual turnover, whichever is higher

Non-compliance with obligations applicable to Providers / Deployers / Importers / Distributors / Authorized Representatives of High-risk AI systems and AI systems subject to specific transparency obligations

(Art. 99.4)

Fines up to EUR 15M / 3% of total worldwide annual turnover, whichever is higher

Supply of incorrect, incomplete or misleading information to notified bodies / national competent authorities

(Art. 99.5)

Fines up to EUR 7.5M / 1% of total worldwide annual turnover, whichever is higher

Non-compliance with obligtions applicable to Providers of GPAI models

(Art. 101)



Fines up to EUR 15M / 3% of annual worldwide turnover, whichever is higher



For SMEs (undertakings with < 250 employees, and an annual turnover ≤ EUR 50M / balance sheet ≤ EUR 43M), including start-ups, the applicable fine will be the lower amount.

Notes:

- Further rules on penalties and other enforcement measures (including warnings and non-monetary measures) will be determined by each EU Member State.
- The national market surveillance authorities and the Al Office are granted extensive enforcement powers to assess compliance with the EU Al Act. For high-risk Al systems and GPAI models, these powers notably include requiring providers to provide full access to the documentation as well as the training, validation, and testing data sets used for development, and, subject to certain conditions, access to the source code.
- Organizations are advised to monitor the regulatory developments in relation to the <u>Revised Product Liability Directive</u> (formally adopted on October 10, 2024) and the <u>Proposed Al Liability Directive</u> (still being discussed by the co-legislators). These Directives will introduce targeted reforms to national fault-based liability regimes and provide claimants with the right to request the disclosure of evidence to support their claims.

Much more to explore!

Follow our EU AI Act Decoded Series as we delve into the intricacies of the FILALACT

in linkedin.com/showcase/ai-data-digital

Contact us



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