



# The EU AI Act: Adaptation and Compliance

## Who does the EU AI Act apply to?

The EU AI Act will have broad extra-territorial effect. It will potentially apply to US companies and their affiliates engaged in any of the following roles:

**Providers** who develop AI systems for the EU market or put AI systems into service under their brand, including US-based providers.

**Deployers** who use an AI system in the EU, including companies based in the US that deploy an AI system in the EU.

**Importers** of AI systems into the EU, e.g., from a US-based provider.

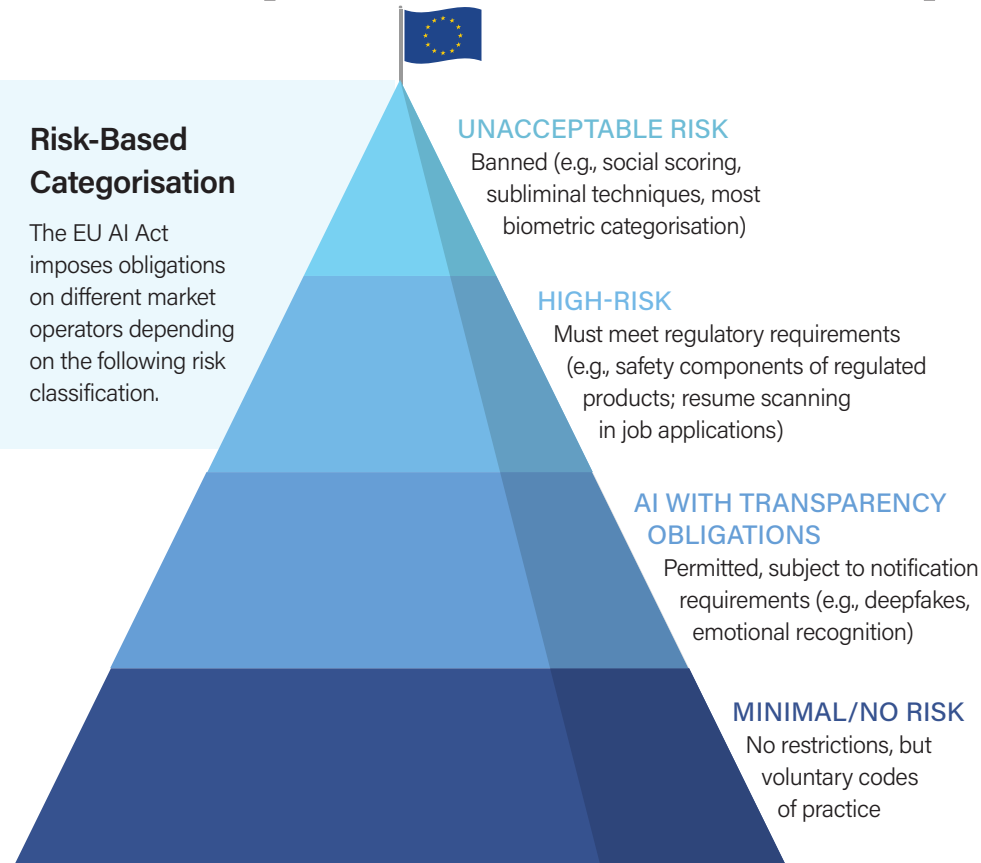
**Distributors** of AI systems within the EU, including those established outside the EU, e.g., in the US.

**Product Manufacturers** that sell products together with third-party AI systems under their own brand on the EU market, including US-based product manufacturers.

**Providers or Deployers** of an AI system in a third country, including the US, where any output produced by the AI system is later used in the EU.

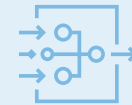
## Risk-Based Categorisation

The EU AI Act imposes obligations on different market operators depending on the following risk classification.



**Fines:** Can be up to **€35M** or **7% of worldwide turnover** from the preceding financial year (whichever is higher) for the worst offences.

**The EU AI Act** also includes specific requirements for general purpose AI models (i.e., foundation models).

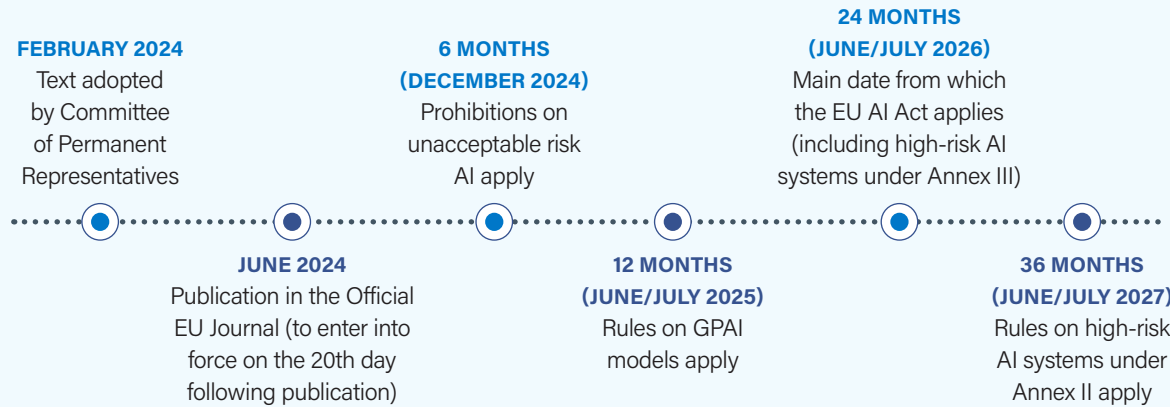


## An AI system is defined as:

“A **machine-based** system designed to operate with varying levels of **autonomy** and that may exhibit **adaptiveness** after deployment and that, for explicit or implicit objectives, **infers**, from the input it receives, how to **generate outputs** such as predictions, content, recommendations, or decisions that can **influence physical or virtual environments.**”

## Timeline for Compliance

These dates are tentative pending final publication of the Act



## We Help You Leverage the Power of AI and Algorithms



### Inform

We help you stay on top of emerging laws, regulations, best practices and industry standards that could impact your organisation.

Local, state and federal laws and initiatives

International laws and standards

Academic research

Industry proposals



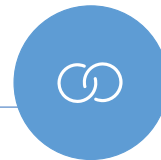
### Protect

We partner with you to build a risk management framework that will identify, monitor and mitigate risks related to AI and algorithms — and adapt to new regulations.

AI and data consulting

Algorithmic testing and validation

Risk management and corporate governance



### Connect

We help you connect with the regulatory, academic, consumer rights, data science and industry leaders at the forefront of these issues.

Industry engagement

Thought leadership

## Faegre Drinker's AI-X team can help you adapt and comply. We can:

**Use the power** of our proprietary data analytics and AI platform, QuarterJack™, to provide comprehensive data science capabilities for testing AI models for potential discrimination

**Assess** current and proposed use of AI systems against EU AI Act risk classifications and substantive obligations

**Implement** procedures for:

- Documenting use of AI systems and risk assessments
- Facilitating transparency
- Enabling human oversight and explainability
- Implementing quality management systems, technical documentation, etc.
- Internal reporting and accountability

**Conduct** impact assessments for high-risk AI systems and assess whether systems need to be redesigned to address legal risks

**Integrate** with privacy policies and governance processes and develop/supplement existing policies

**Review and update** vendor selection processes and standard contracts

**Review and draft** agreements to preserve IP, confidential information and trade secrets, and allocate liability for compliance risks

**Provide** internal training and awareness