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# Regulation and Governance in Financial Markets:

Are We Ready For Change?

# Introduction



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Financial markets match buyers and sellers to set a price for financial assets. These are:



Having shares in a company means you own part of it. Companies create shares to raise money so they can invest and grow.



Governments or large companies can raise money by issuing bonds. These are essentially a future 'IOU' that can be bought and sold in the financial markets.

Government bonds also known as 'gilts' and are a form of government debt.



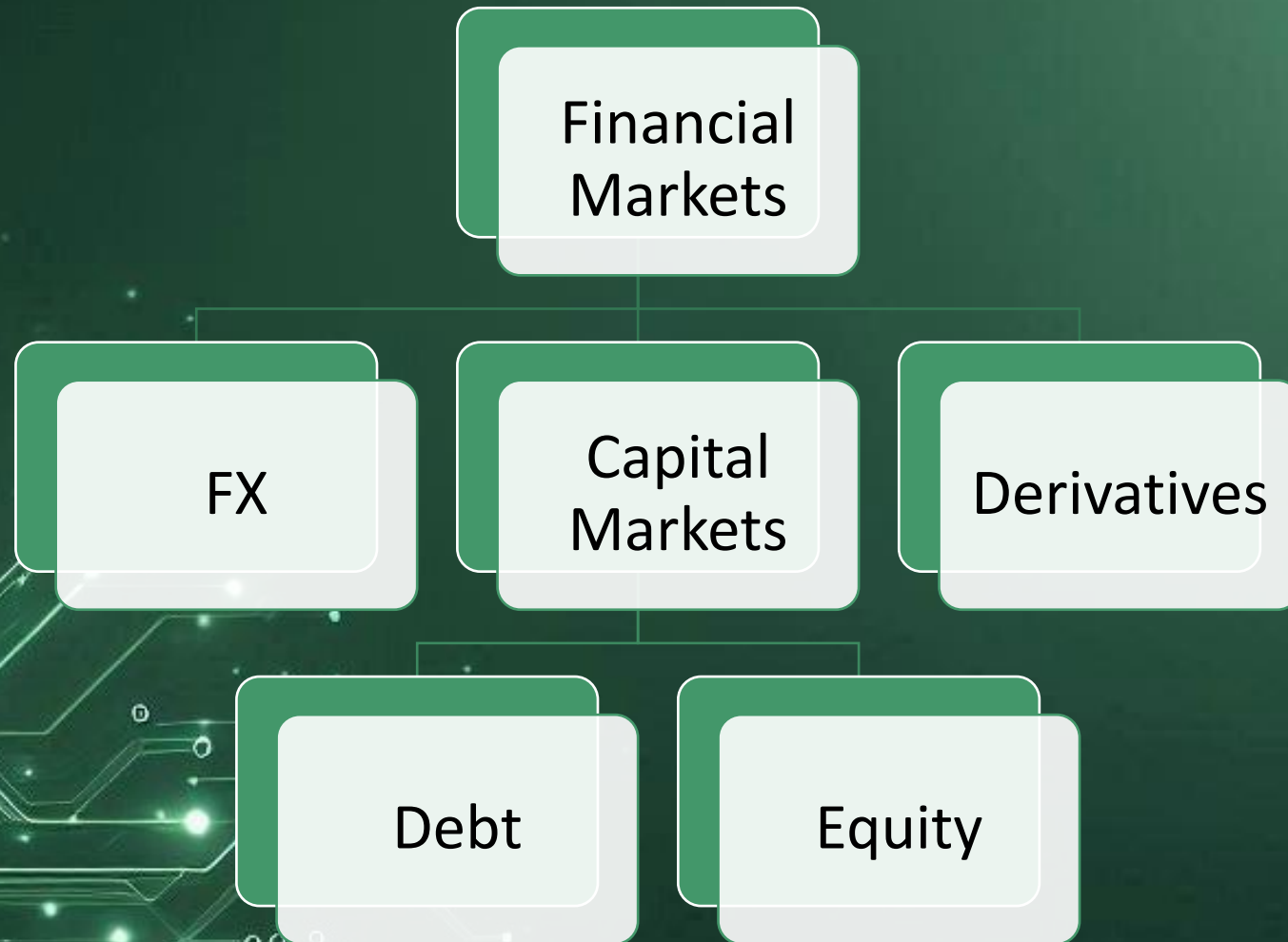
People can exchange one currency for another in the foreign exchange markets.

# Introduction



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- Financial markets are all about money. At their heart is the idea of moving money from those that have to those that want.
- Well-functioning financial markets are fundamental to long-term economic growth and financial stability.
- They provide a platform to raise and allocate capital efficiently, manage risks, determine asset prices and inform investor decisions.
- Well-regulated financial markets foster investor confidence through transparency, fairness, and clearly defined rules of engagement.

# Introduction



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- Emerging technologies, such as artificial intelligence (AI) and machine learning (ML), now underpin modern financial markets, and have the potential to reshape the world and transform industries.
- AI and ML enforce deep changes in market structure changes from network effects and increased speed of market functioning.
- Financial services are well poised to take advantage of recent advances in AI given the industry's long-standing focus on data collection and analysis and early adoption of techniques, such as ML.

# Introduction



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## Recent and Potential Use Cases for Artificial Intelligence and Machine Learning in Capital Market Activities: Investment Decisions, Trade Execution, and Monitoring Processes (IMF, 2024)

Key Processes	Client/Institution Profiling	Asset Allocation			Trading	Risk Management	
	Identification of Needs and Constraints	Asset Class Allocation	Sectoral Allocation	Security Selection	Orders Placement and Execution	Risk Monitoring	Reporting
Potential Benefits from Adopting AI	<p><b>Enhance client's profile assessment</b></p> <ul style="list-style-type: none"> <li>Analyze unstructured or alternative clients' data to understand unique objectives, idiosyncratic needs, and risk preference</li> <li>Generate simulated scenarios and visualization of potential outcomes of different asset mix</li> </ul>	<p><b>Enhance optimization and forecast techniques for strategic allocation</b></p> <ul style="list-style-type: none"> <li>High dimensional forecasting and predictor selections</li> <li>Deep learning methodologies for dynamic multiperiod portfolio optimization</li> <li>Clustering/network analysis to analyze multidimensional interactions/correlations</li> </ul>	<p><b>Improve analysis precision</b></p> <ul style="list-style-type: none"> <li>Feature extraction (beta, momentum, and so on)</li> <li>Network/multidimension analysis for relative value analysis and identify price dislocation</li> </ul>	<p><b>Minimize market impact</b></p> <ul style="list-style-type: none"> <li>Structured trade execution algorithms to minimize market impact</li> <li>Analyzing unstructured data and cross-market indicators to identify prevailing liquidity conditions</li> </ul> <p><b>Assist price discovery</b></p> <ul style="list-style-type: none"> <li>Modelling executable prices for illiquid securities through multiple market indicators</li> </ul> <p><b>Improve liquidity management efficiency</b></p> <ul style="list-style-type: none"> <li>Forecast liquidity needs (margin management, collateral, etc.) through clustering/network analysis</li> </ul>	<p><b>Dynamic risk sensing</b></p> <ul style="list-style-type: none"> <li>Generate risk hypothesis</li> <li>To identify performance drivers and anomalies through multidimensional analysis</li> </ul> <p><b>Generate risk scenario</b></p> <ul style="list-style-type: none"> <li>Value-at-risk estimation through generative adversarial networks to capture temporal dynamics in time-series data</li> </ul>	<p><b>Customize insights</b></p> <ul style="list-style-type: none"> <li>Customized content generation, reports, and dashboards</li> <li>Chatbot</li> </ul> <p><b>Ease compliance monitoring</b></p> <ul style="list-style-type: none"> <li>Screening, flagging, and reporting of anomalies</li> </ul>	<p><b>Derive signals from unstructured and alternative data</b></p> <ul style="list-style-type: none"> <li>Natural language processing models for sentiment analysis to identify thematic opportunities</li> <li>Polarity detection, microtext analysis, aspect extraction, or sarcasm detection to improve signal quality</li> </ul>

AI and ML now underpin trade execution, liquidity forecasting, collateral management and market interaction, improving efficiency but also changing how liquidity and risk propagate.

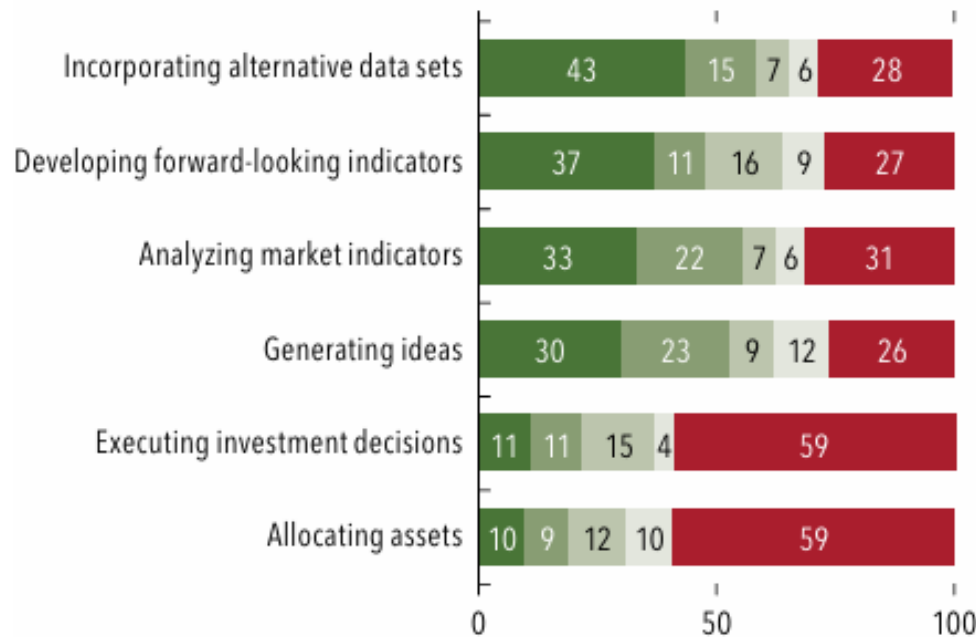


## Artificial Intelligence Advances: Use Cases and Adoption in Investment Processes (IMF, 2024)

Adoption of AI in trading and investment decision making is still nascent.

### 1. Use of AI by Investment Managers (Percent)

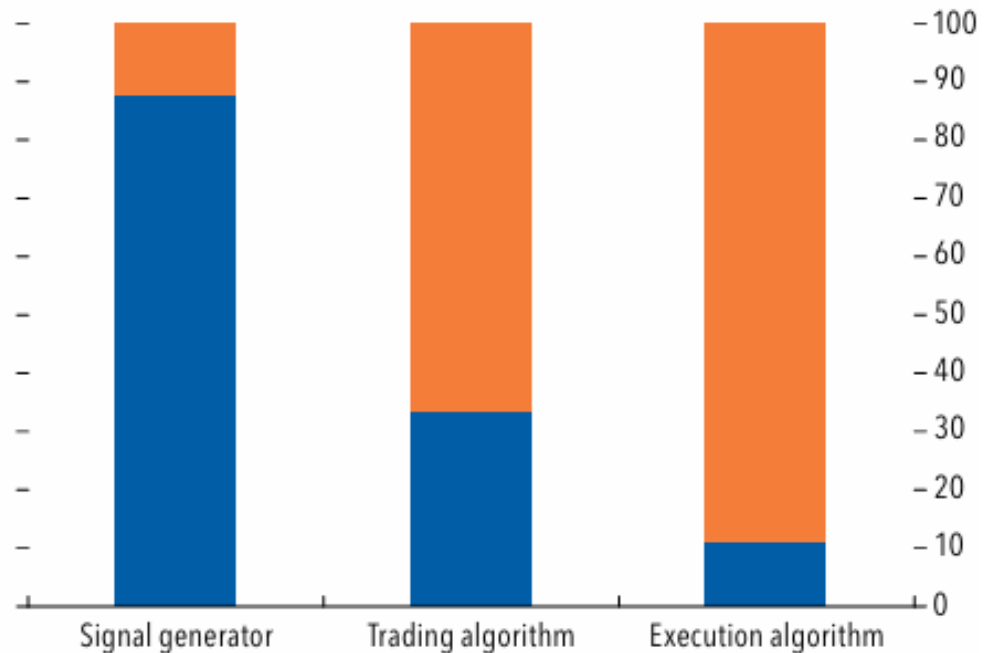
Legend:  
■ Already integrated  
■ Partly integrated  
■ Planning to integrate  
■ Used, but not integrated  
■ Do not plan to integrate



Adoption of machine learning has not yet penetrated autonomous trading processes.

### 2. Share of Dutch Energy Market Algorithms Based on Machine Learning (Percent)

Legend:  
■ Share of algorithms based on ML  
■ Not based on ML



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*The advancement of Artificial Intelligence (AI) has the potential of transforming the landscape of retail investment services by offering unparalleled opportunities for efficiency, innovation and **improved decision-making**. While AI holds promise in **enhancing investment strategies** and client services, it also presents inherent **risks**, including algorithmic biases, data quality issues, and (potential) lack of transparency.*

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# How regulation and emerging technologies are reshaping financial markets



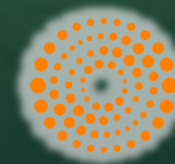
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*Britain's financial watchdogs are not doing enough to stop AI from harming consumers or destabilising markets, a group of lawmakers said on Tuesday, urging regulators to move away from a "wait and see" approach as the technology is deployed widely.*

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THOMSON  
REUTERS®

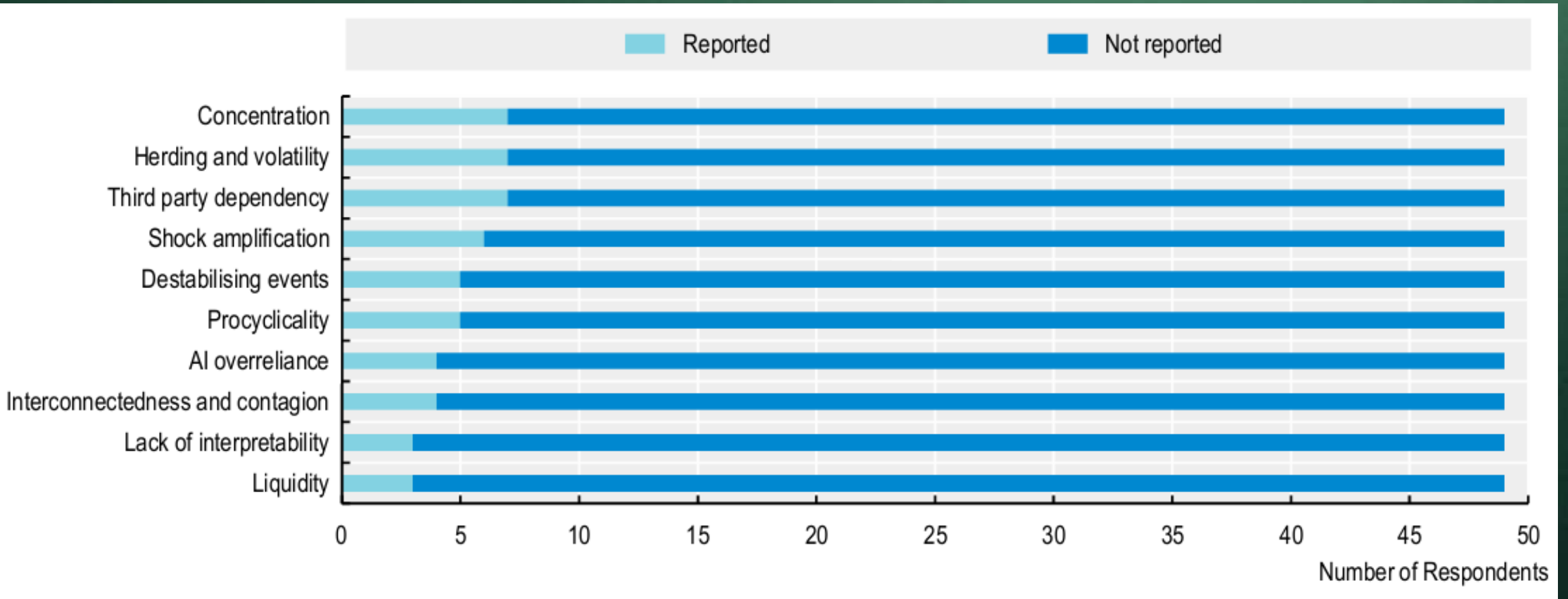
# How regulation and emerging technologies are reshaping financial markets



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## Indicative risks to financial stability identified in relation to the use of AI in Finance (OECD, 2024)





# How regulation and emerging technologies are reshaping financial markets



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## AI-Driven Credit Scoring



- AI models expand data sources and often improve risk discrimination and financial inclusion, but can embed historical bias, creating fairness, explainability and accountability challenges for supervisors.
- Banks use AI techniques to support the evaluation of their borrowers' creditworthiness in order to reduce asymmetric information problems between lenders and borrowers – both for screening and monitoring.

How regulation and emerging technologies are reshaping financial markets



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## Automated Investment and Risk Management



- AI supports portfolio optimisation, scenario analysis, margin forecasting and continuous monitoring of client positions and margin requirements, enhancing pre-emptive risk management.
- The adoption of AI in financial risk management brings significant regulatory scrutiny. Supervisors worry that AI models might create opaque decision-making and new risks if not adequately controlled.

How regulation and emerging technologies are reshaping financial markets



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## Data-Driven Customer and Market Analytics



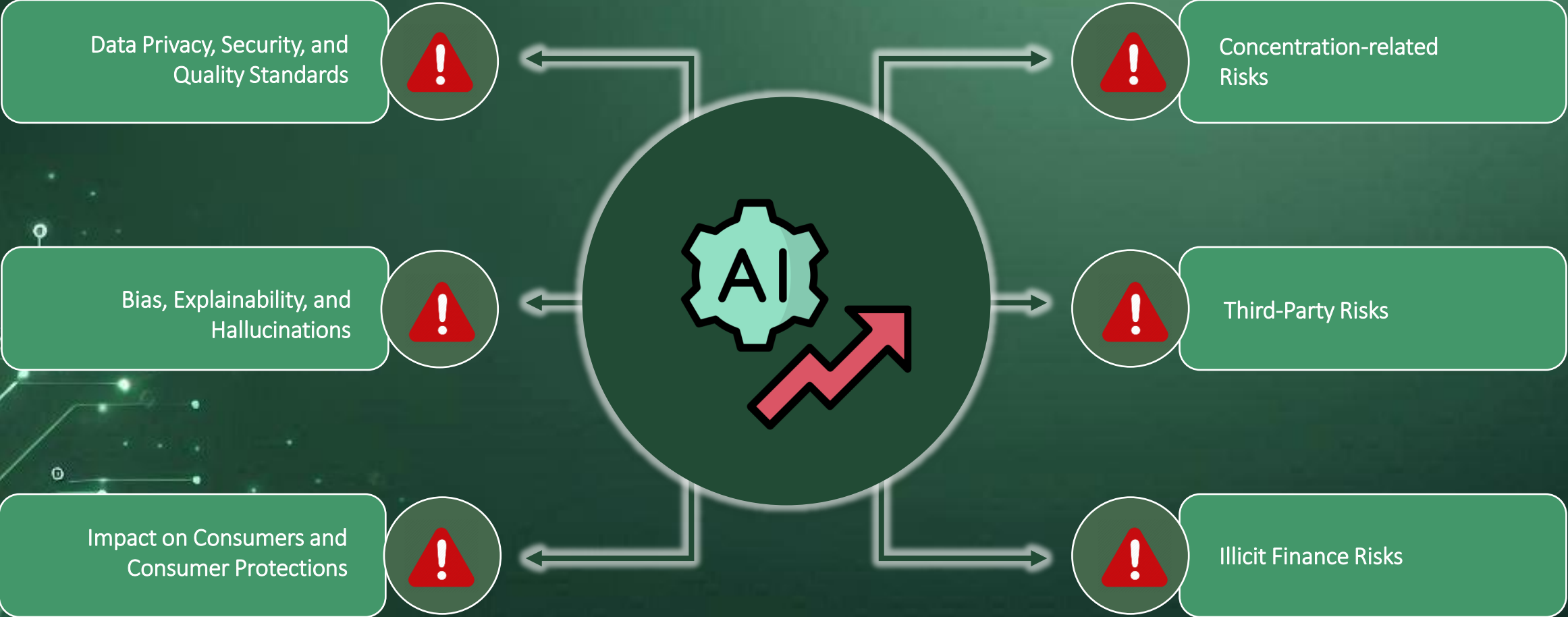
- AI and big data analytics underpin personalised product offers, churn prediction and surveillance of trading behaviour, with obvious ties to conduct, data protection and anti-discrimination rules.
- ASIC analyzed information about 624 AI use cases (as of December 2023) that 23 licensees in the banking, credit, insurance and financial advice sectors were using, or developing. These use cases, directly or indirectly impacting consumers.

# Governance and risk challenges in financial markets



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# Governance and risk challenges in financial markets

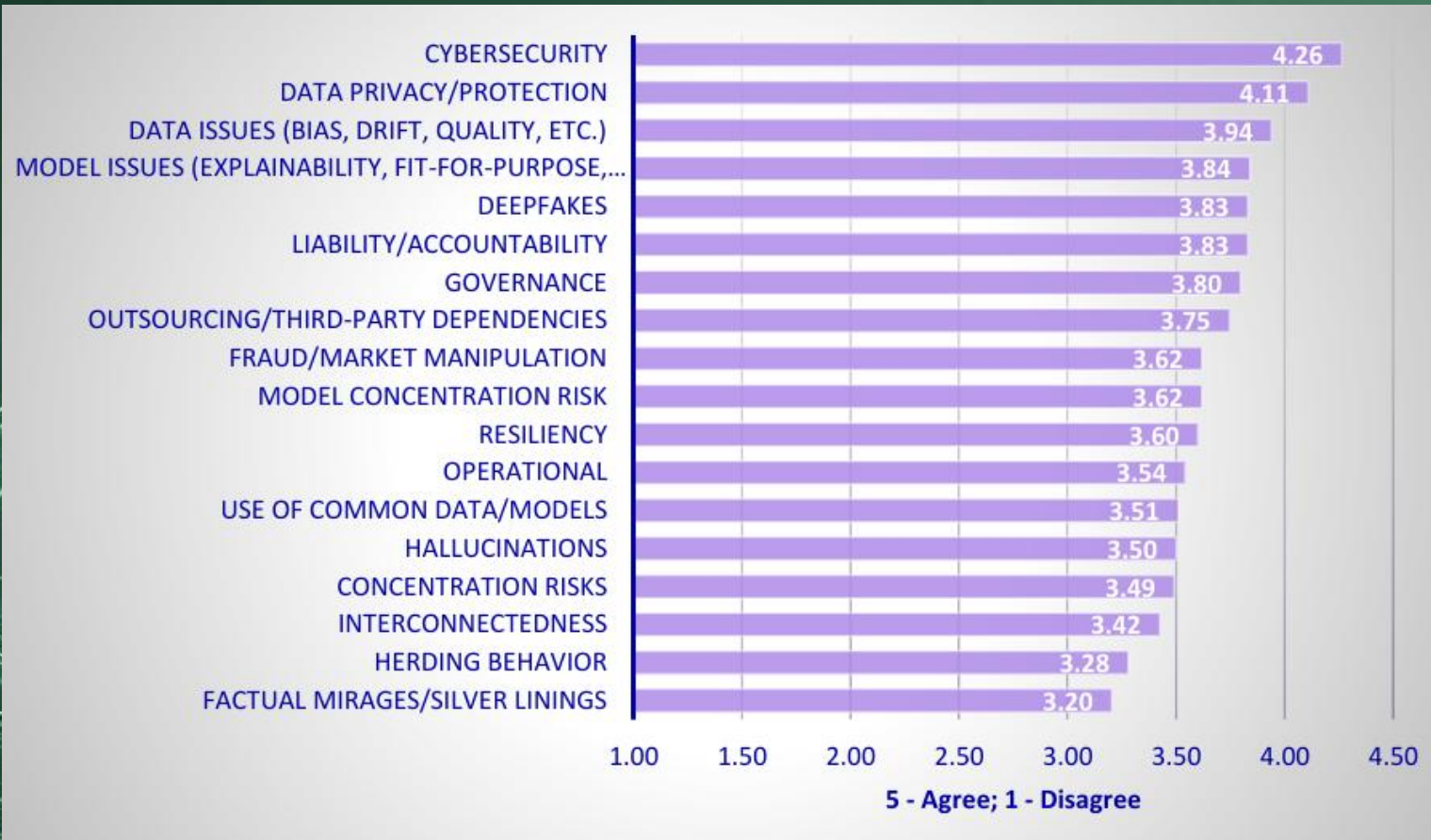


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## Main AI risks identified by respondents to an IOSCO survey (IOSCO, 2025)



- Financial stability, market integrity and consumer/investor protection remain core objectives, but AI introduces model risk, data quality issues, opacity and potential pro-cyclicality.
- IOSCO's work on AI stresses risks to investor protection, market integrity and financial stability, and the need for regulatory responses rather than a "technology-neutral = hands-off" stance.

# Global AI regulations



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Country	Framework	Jurisdiction	Scope	Risk-Based?	Enforceable?	Key Focus Areas
	EU AI Act	EU + extraterritorial	All AI systems; risk-based tiers	✓ Yes	✓ Starting 2025–26	High-risk systems, conformity, fines
	UK AI Regulation	United Kingdom	Sector-led, principles-focused	✗ Not formal	✗ Not statutory	Innovation, proportional oversight
	NIST AI RMF	United States	Voluntary risk management framework	✓ Yes	✗ Voluntary guidance	Trustworthiness, governance, testing
	OECD AI Principles	38+ countries	High-level principles, non-binding	✓ Implied	✗ Non-binding	Human-centered values, accountability

# Global AI regulations



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This map shows which jurisdictions are in focus and covered by this tracker. It does not represent the extent to which jurisdictions around the world are active on AI governance legislation.

## Jurisdictions in focus

Argentina • Australia • Bangladesh • Brazil • Canada • Chile • China • Colombia • Egypt • EU • India • Indonesia • Israel  
Japan • Mauritius • New Zealand • Nigeria • Peru • Saudi Arabia • Singapore • South Korea • Taiwan • United Arab Emirates • U.K. • U.S.

# Global AI regulations


## European Union



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Country	Specific AI Governance Law or Policy	Relevant Authorities	Other Relevant Laws and Policies	Wider AI Context
	<p>On 1 Aug. 2024, the EU AI Act entered into force. Various dates for compliance will apply in the coming years, with the first applications of the act in early 2025 and the last at the end of 2030. On 2 Feb. 2025, the first set of obligations came into force.</p> <p>In brief, the act:</p> <ul style="list-style-type: none"> <li>• Creates harmonized rules for placing AI on the EU market.</li> <li>• Applies to the EU and any third-country providers and deployers that place AI systems on the EU market.</li> <li>• Centers around a risk-based approach.</li> <li>• Prohibits use of certain AI systems and provides specific requirements for high-risk systems.</li> <li>• Creates harmonized transparency rules for certain AI systems.</li> </ul> <p>Currently, the following obligations are in place:</p> <ul style="list-style-type: none"> <li>• Organizations will need to ensure employees have access to AI literacy.</li> <li>• The prohibition on certain AI systems is in force.</li> <li>• Guidance on the definition for AI systems has been published.</li> <li>• The EU published the third draft of the General Purpose AI Code of Practice in consultation with independent experts and stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• J EU AI Office</li> <li>• J EU AI Board</li> <li>• J European Data Protection Board</li> <li>• J Special Committee on AI in a Digital Age</li> <li>• EDPB's ChatGPT Task Force JMember states must establish or designate a Market Surveillance Authority, and a Notifying Authority by 2 Aug. 2025, though compliance with this deadline has been inconsistent.</li> <li>• Member state AI authorities include:</li> <li>• Agency for Digital Government (Denmark)</li> <li>• Innovation Agency &amp; Communications Regulatory Authority (Lithuania)</li> <li>• National Commission for Data Protection (Luxembourg)</li> </ul>	<ul style="list-style-type: none"> <li>• General Data Protection Regulation [IN FORCE]</li> <li>• Digital Services Act [IN FORCE]</li> <li>• Digital Markets Act [IN FORCE]</li> <li>• AI Liability Directive [DROPPED]</li> <li>• Cyber Resilience Act [IN FORCE] Ethics guidelines for trustworthy AI [IN FORCE]</li> <li>• New Product Liability Directive [ENACTED]</li> <li>• Data Act [IN FORCE]</li> </ul>	<ul style="list-style-type: none"> <li>• The EU is a party to the OECD's AI principles. See OECD AI principles and adherents.</li> <li>• The EU participated in the 2023 U.K. AI Summit, which led to the Bletchley Declaration.</li> <li>• As a nonenumerated member of the G7, the EU endorsed the 11 Hiroshima Process International Guiding Principles for Advanced AI systems.</li> <li>• The EU also adopted UNESCO's Recommendation on the Ethics of AI.</li> <li>• See the EU's approach and timeline for AI development.</li> <li>• As part of a regulatory simplification agenda, EU institutions are considering whether to implement a pause on the AI Act and whether other changes are appropriate. See the EU Commission's Digital Omnibus on AI Regulation Proposal.</li> <li>• Member states and the European Commission worked to create a Coordinated Plan on AI in 2018. This plan includes a table showcasing how 23 of 27 EU countries, as well as Norway and Switzerland, have progressed with their national strategies. The coordinated plan was updated in 2021.</li> </ul>

# Global AI regulations


## European Union



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Country	Specific AI Governance Law or Policy	Relevant Authorities	Other Relevant Laws and Policies	Wider AI Context
	<p>The EU committed to investing 200 billion euros in AI through InvestAI initiative, with 20 billion euros earmarked for AI gigafactories. The first wave of factories was designated in December 2024 and the second wave in March 2025. This initiative was later expanded upon in the Commission's AI Continent Action Plan, which seeks to strengthen the EU's AI capabilities. As part of this plan, the Commission will open an AI Act Service Desk to ensure smooth implementation of the AI Act.</p>	<ul style="list-style-type: none"> <li>• Digital Innovation Authority &amp; Information Data Protection Commission (Malta)</li> <li>• AI Supervisory Agency (Spain)</li> <li>• Member state DPAs include:             <ul style="list-style-type: none"> <li>• Commission nationale de l'informatique et des libertés (France)</li> <li>• Bundesbeauftragter für Datenschutz und Informationsfreiheit (Germany)</li> <li>• Garante Per La Protezione Dei Dati Personali (Italy)</li> <li>• Agencia Española de Protección de Datos (Spain)</li> <li>• Autorité de protection des données (Belgium)</li> <li>• Urząd Ochrony Danych Osobowych (Poland)</li> <li>• Datenschutzbehörde (Austria)</li> <li>• Nemzeti Adatvédelmi és Információszabadság Hatóság (Hungary)</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• In January 2024, the European Commission decided to establish an EU AI Office to play a key role in implementing the AI Act, foster the development and use of trustworthy AI, and promote international cooperation.</li> <li>• The EU and several other countries signed onto the Council of Europe's Framework Convention on AI and human rights, democracy and the rule of law.</li> <li>• Some EU member states have national AI strategies, many of which emphasize research, training and labor preparedness, as well as multistakeholder and international collaboration. For example, France's national AI strategy lays out three main objectives:             <ul style="list-style-type: none"> <li>-Improve the AI education and training ecosystem.</li> <li>-Establish an open data policy for implementing AI applications and pooling assets.</li> <li>-Develop an ethical framework for fair and transparent use of AI.</li> </ul> </li> <li>• The EU and Singapore signed an agreement to strengthen cooperation between the AI Office and Singapore's AI Safety Institute.</li> <li>• DeepSeek has been investigated by several European authorities.</li> <li>• The EU signed the AI Action Summit joint Statement on Inclusive and Sustainable Artificial Intelligence for People and the Planet.</li> </ul>

# Global AI regulations


## United Kingdom



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Country	Specific AI Governance Law or Policy	Relevant Authorities	Other Relevant Laws and Policies	Wider AI Context
	<p>The U.K. has delayed plans to regulate AI. A draft AI bill was reintroduced into the House of Lords, though such bills rarely become law. This follows a broader trend in Europe of balancing guardrails with innovation and competitiveness. Currently, the U.K. relies on existing sectoral laws to impose guardrails on AI systems. The following resources are available for policy guidance:</p> <ul style="list-style-type: none"> <li>• A pro-innovation approach to AI regulation</li> <li>• Algorithmic Transparency Recording Standard Hub</li> <li>• AI Standards Hub, a new U.K. initiative dedicated to the evolving and international field of standardization for AI technologies</li> <li>• Guide to using AI in the public sector</li> <li>• Guidance on understanding AI ethics and safety</li> <li>• The Centre for Data Ethics and Innovation's AI Governance research report.</li> <li>• Information Commissioner's Office's draft Guidance on the AI auditing framework</li> <li>• ICO and Alan Turing Institute's Explaining decisions made with AI</li> <li>• The AI Playbook for the UK Government, offering guidance to departments and public sector organizations for the safe and effective use of AI</li> <li>• The Data (Use and Access) Act, clarifying the use of data in models and has specific provisions for automated decision-making</li> </ul>	<ul style="list-style-type: none"> <li>• Office for AI</li> <li>• Information Commissioner's Office</li> <li>• Digital Regulation Cooperation Forum</li> <li>• Financial Conduct Authority</li> <li>• AI Council</li> <li>• Department for Science, Innovation and Technology</li> <li>• AI Security Institute</li> <li>• Competition and Markets Authority</li> <li>• Ofcom</li> <li>• AI Advisory Panel</li> </ul>	<ul style="list-style-type: none"> <li>• J Equality Act [IN FORCE]</li> <li>• U.K. General Data Protection Regulations and Data Protection Act [IN FORCE]</li> <li>• Consumer Protection Act [IN FORCE]</li> <li>• Financial Services and Markets Act [IN FORCE]</li> <li>• Consumer Rights Act [IN FORCE]</li> <li>• National Security and Investment Act [IN FORCE]</li> <li>• Copyright, Designs and Patents Act [IN FORCE]</li> <li>• Advanced Research and Invention Agency Act [IN FORCE]</li> <li>• National Cyber Security Centre's Assessing intelligent tools for cyber security [IN FORCE]</li> <li>• Online Safety Act [IN FORCE]</li> <li>• Artificial Intelligence (Regulation) Bill [DRAFT]</li> </ul>	<ul style="list-style-type: none"> <li>• The U.K. is a party to the OECD's AI principles. See OECD AI principles and adherents.</li> <li>• In 2023, the country hosted the AI Summit, which led to the Bletchley Declaration.</li> <li>• The U.K. adopted UNESCO's Recommendation on the Ethics of AI.</li> <li>• As part of the G7, the U.K. endorsed the 11 Hiroshima Process International Guiding Principles for Advanced AI systems.</li> <li>• Specific action items include launching a national AI research and insights program, developing a diverse AI workforce, enabling better data availability, creating a national strategy for AI in health and social care, applying AI systems to climate change mitigation, piloting an AI standards hub to coordinate with global AI standardization, and developing a cross-government standard for algorithmic transparency.</li> </ul>

# Global AI regulations

## United Kingdom



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Country	Specific AI Governance Law or Policy	Relevant Authorities	Other Relevant Laws and Policies	Wider AI Context
	<ul style="list-style-type: none"><li>• AI Opportunities Action Plan, signaling the U.K.'s intent to support AI development domestically</li><li>• Guidance on AI Cyber Security Code of Practice</li><li>• Ofcom's Open Letter regarding how the Online Safety Act applies to Generative AI</li><li>• Harnessing Innovation and Growth Opportunities from AI Foundation Models</li></ul>			<ul style="list-style-type: none"><li>• The Centre for Data Ethics and Innovation published a Roadmap to an Effective AI Assurance Ecosystem, which is also part of the National AI Strategy. Further, the DSIT created a Portfolio of AI Assurance techniques to support the development of trustworthy AI.</li><li>• See the U.K. AI Safety Institute.</li><li>• Along with the U.S., Israel, the EU, and others, the U.K. signed onto the Council of Europe's Framework Convention on AI and human rights, democracy, and the rule of law.</li><li>• The U.K. assessed DeepSeek for security implications.</li><li>• Qatar and the U.K. will increase collaboration on AI research.</li><li>• The U.K. seeks to build a frontier model champion to compete with foreign companies like OpenAI.</li><li>• The U.K. endorsed a joint statement on data scraping and the protection of privacy with Canada.</li></ul>

# Global AI regulations


## United States of America (Federal)



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	<p>The U.S. has been active in providing guidance to government organizations and private businesses while introducing legislation to target specific issues, such as deepfakes or discrimination. President Donald Trump revoked a 2023 executive order on AI and signed a new executive order detailing his administration's policy on AI. The new order seeks to remove barriers to AI development and stimulate innovation. Shortly thereafter, the new administration unveiled Stargate, a USD500 billion endeavor. In July 2025, the Trump administration released the AI Action Plan, which aims to accelerate AI innovation, build AI infrastructure and lead international AI diplomacy and security. In December 2025, President Trump signed an executive order that seeks to place a moratorium on AI laws at the state level.</p> <p>Other actions taken by the Trump administration include issuing two Office of Management and Budget memoranda, replacing earlier Biden administration-era memoranda. One affects federal use of AI and the other AI procurement. President Trump also signed an executive order regarding AI education and workforce development.</p> <p>The U.S. has been active in many of the multilateral agreements on AI as well. For example, it signed onto the Council of Europe's Framework Convention and promoted rulemaking at the U.N.</p> <p>At the state level, a handful of laws have passed, such as the Colorado AI Act (enforcement delayed), Utah's AI Policy Act and California's Transparency in Frontier AI Act, as well as bills that regulate AI in specific sectors, such as Illinois' HB 3773.</p>	<ul style="list-style-type: none"> <li>• Office of Science and Technology Policy</li> <li>• National AI Initiative Office</li> <li>• Federal Trade Commission</li> <li>• Consumer Financial Protection Bureau</li> <li>• Department of Justice</li> <li>• Equal Employment Opportunity Commission</li> <li>• National Institute of Standards and Technology</li> <li>• Center for AI Standards and Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• FTC Act, Section 5 [IN FORCE]</li> <li>• Fair Credit Reporting Act [IN FORCE]</li> <li>• Equal Credit Opportunity Act [IN FORCE]</li> <li>• Title VII of the Civil Rights Act [IN FORCE]</li> <li>• Americans with Disabilities Act [IN FORCE]</li> <li>• Age Discrimination in Employment Act [IN FORCE]</li> <li>• Fair Housing Act [IN FORCE]</li> <li>• Genetic Information Nondiscrimination Act [IN FORCE]</li> </ul>	<ul style="list-style-type: none"> <li>• The U.S. is a party to the OECD's AI principles. See OECD AI principles and adherents.</li> <li>• The U.S. participated in the 2023 U.K. AI Summit, which led to the Bletchley Declaration.</li> <li>• The U.S. also adopted UNESCO's Recommendation on the Ethics of AI.</li> <li>• As part of the G7, the U.S. endorsed the 11 Hiroshima Process International Guiding Principles for Advanced AI systems.</li> <li>• In general, the U.S. approach to AI governance has been slow and incremental, seeking to preserve civil and human rights for Americans throughout AI deployment, as well as mobilize international collaboration which upholds democratic values and mutual advancement.</li> <li>• See the U.S. Center for AI Standards and Innovation.</li> <li>• U.S. Senate Committee on the Judiciary's Subcommittee on Privacy, Technology and the Law held a hearing on the legislation of AI.</li> </ul>

# Global AI regulations

## United States of America (Federal)



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	<p>While not an exhaustive list, the following federal laws and policies could place a compliance or regulatory burden on private businesses:</p> <p>Acts and bills:</p> <ul style="list-style-type: none"> <li>• AI Training Act [IN FORCE]</li> <li>• National AI Initiative Act (Division E, Sec. 5001) [IN FORCE]</li> <li>• AI in Government Act (Division U, Sec. 101) [IN FORCE]</li> <li>• TAKE IT DOWN Act [IN FORCE]</li> <li>• Create AI Act [DRAFT] • NO FAKES Act of 2025 [DRAFT]</li> </ul> <p>Nonbinding frameworks:</p> <ul style="list-style-type: none"> <li>• Blueprint for an AI Bill of Rights</li> <li>• National Institute of Standards and Technology AI Risk Management Framework</li> <li>• Guidance for Regulation of AI Applications</li> </ul> <p>Government initiatives:</p> <ul style="list-style-type: none"> <li>• Voluntary Commitments from Leading AI Companies to Manage the Risks Posed by AI</li> <li>• TTC Joint Roadmap on Evaluation and Measurement Tools for Trustworthy AI and Risk Management</li> <li>• Congressional AI effort of the Bipartisan Senate AI Working Group</li> <li>• National Security Commission on AI</li> <li>• Bipartisan legislative framework for AI announced by U.S. Sens. Richard Blumenthal, D-Conn., and Josh Hawley, R-Mo.</li> <li>• Bipartisan House Task Force Report on AI</li> </ul>			<ul style="list-style-type: none"> <li>• The Bipartisan Senate Working Group on AI released a roadmap for AI policy. This document highlights the need to ensure enforcement of existing rules, tackle current threats not covered by legislation, such as the use of deepfakes in elections, prepare for long-term threats of AI use, and create a federal privacy legal framework.</li> <li>• The inaugural U.S.-Singapore CET Dialogue unveiled the "crosswalk" initiative, linking IMDA's AI Verify with NIST's AI Risk Management Framework.</li> <li>• Along with the U.K., Israel, and others, the U.S. signed onto the Council of Europe's Framework Convention on AI and human rights, democracy and the rule of law.</li> <li>• The U.S. has sought to decouple its AI efforts from China, while looking to stymie China's AI industry by restricting the chips available for Chinese import. It surprised U.S. stakeholders when DeepSeek, a foundational model developer in China, released a model that was competitive with those from top U.S. developers. This development raised questions about whether export restrictions were effective. To answer these questions, the U.S. Select Committee on the CCP released a report. In May 2025, the Bureau of Industry and Security rescinded the AI Diffusion Rule, which curbed access to AI chips; nonetheless, contemporaneous guidance suggests that national security concerns still underpin the Trump administration's chip policy. For example, in September 2025, the U.S. revoked TSMC's waiver to ship chip supplies to its facility in Nanjing, China.</li> <li>• The U.S. District Court for the Northern District of California found that training an AI model on copyrighted works likely qualifies as fair use. However, the court also found that the storage of the same works in a central library only constitutes fair use if those works were obtained legally.</li> <li>• State efforts to restrict or regulate AI are in full swing, such as Texas Attorney General Ken Paxton's investigation into DeepSeek.</li> </ul>

# Conclusion



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## Global AI Regulation is Accelerating

- From the EU AI Act to U.S. frameworks and China's algorithm rules, a new regulatory era has begun. AI teams must monitor these landscapes continuously.

## The EU AI Act Sets the Tone for Risk-Based Governance

- Systems are classified based on risk (unacceptable, high, limited, minimal), with high-risk systems facing detailed compliance requirements — including documentation, data governance, transparency, and post-market monitoring.

## Compliance is a Cross-Disciplinary Practice

- Successful governance involves legal, engineering, product, compliance, and ethics teams. It is not just a legal checkbox but a design principle.

## Ethical AI is Good Business

- Transparency, fairness, and explainability aren't just values — they build user trust, protect your brand, and reduce downstream risk.

## Early Action Pays Off

Building governance into your MLOps or product design lifecycle is far more effective (and less expensive) than reactive compliance.

# Questions and answers



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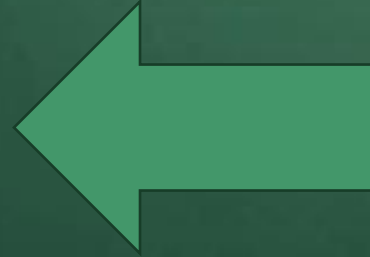
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