

STARTUPS for Ai.

EU AI Regulation - fostering innovation and entrepreneurship?

Fundamentally AI can be a source for good and is already used on a daily basis to help with diagnosing cancer, detecting cardiac arrest during emergency calls, identifying crop disease, detecting and preventing fraud, overcoming dyslexia, optimising energy production, etc. However, while AI promises to solve many of society's challenges, clear-cut paths that help leverage the technology's full potential are yet in its infancy.

Startups and entrepreneurs across the EU welcome the Commission's proposal for harmonised rules on artificial intelligence that demonstrate the willingness to strengthen the EU's uptake, investment and innovation in AI. While we fully support the aim of regulating AI to safeguard EU values and establish trust, the current proposal does not provide ideal mechanisms to stimulate innovation and entrepreneurship in AI solutions when adopted in practice: to succeed as startup nations in Europe we need regulation to be implementable by everyone and constructed through the lens of a startup.

Startups and entrepreneurship are key to unlocking the vast potential of AI for all EU citizens and for the EU to take the lead globally. Therefore we need regulation that is comprehensible for those who build technology to secure its effectiveness, agile enough to respect development processes, and proportionate to resources and capabilities that startups have at hand. If regulation takes into consideration the fast-paced, innovative and competitive field of AI, and if startups understand the value that good regulatory standards can add to their business and operations, we will make innovation and entrepreneurship thrive for the benefit of everyone.

Therefore, we ask for certainty and less cumbersome regulation in three main areas: **definitions, compliance and governance**

Definitions

Clear and predictable regulatory environment fosters investment in the development and deployment of AI.

We propose the EU

- **Creates a more precise definition of "Subliminal techniques" to utilise the beneficial effects while prohibiting adverse uses of subliminal AI techniques.**
- **Cooperates with the AI-ecosystem on developing definitions on data quality that are attainable by startups and do not create artificially high barriers for entry in order to foster experimentation and innovation.**

- Creates an “exclusion list” of AI applications that do not fall under “high risk” so that AI entrepreneurs have a clearer understanding of areas where potential innovation can occur without fear of future regulatory expansion.
- Defines an AI system as “high risk” only when it has reached a certain development or scale to protect small scale experimentation in startups.

Compliance

Minimizing administrative and regulatory compliance costs for startups will ensure that the regulation is effective.

We propose that the EU:

- Introduces a regulatory approach on premarket conformity rules and postmarket monitoring requirements proportional to the size and scale of AI application and insert a built-in timeframe to create increased legal and regulatory certainty for startups.
- Creates a simple, fast and administrative light touch submission process for technical and user documentation so as to mitigate the regulatory burdens for startups and entrepreneurs.
- Introduces a harmonised proportional approach to compliance to foster rapid scale up.
- Creates accessible and inclusive regulatory sandboxes that are given the necessary resources to encourage startups to collaborate with authorities and create co-creation of effective, applicable and responsive regulation.
- Moderates the liabilities of startups and entrepreneurs that choose to take part in AI regulatory sandboxes in order to encourage greater participation.

Governance and Implementation

Creating a fair and conducive regulatory environment based on reciprocity and collaboration will support startups and entrepreneurs in their compliance of AI regulation.

We propose that the EU:

- Creates harmonised authority approaches in the individual member states so the applicants will meet an efficient and uniform process.
- Provides one-stop-shop access in every member state for startups and entrepreneurs.
- Offers legal and financial legal and financial assistance to facilitate the process of compliance with the AI regulation to ensure effective compliance and levelling of the playing field.
- Establishes a transparent democratic process in place consulting key stakeholders to foster common goals and to make sure startups’ concerns are heard.