

## SESSION 02 | AI FOR PUBLIC USE

### Presentation 03

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# AI Regulatory Sandbox in Hungary

## Seminar on Artificial Intelligence

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**03.10.2024**



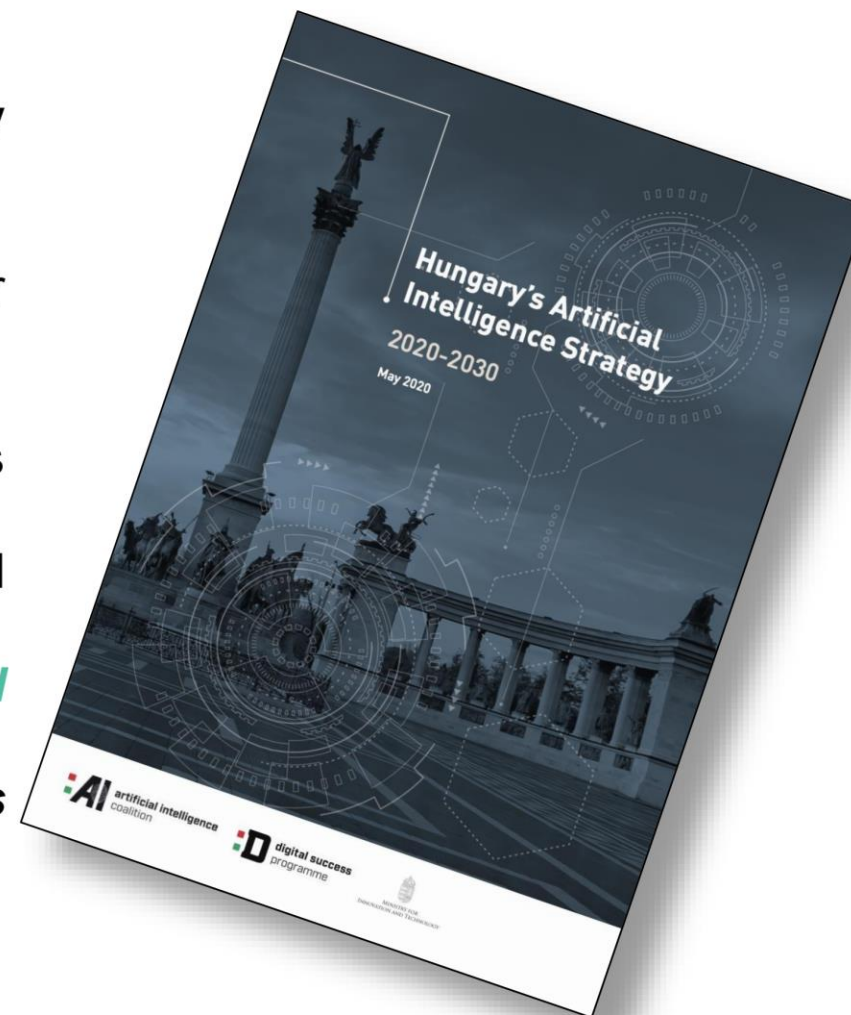
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# The AI Strategy of Hungary

- It was announced on the **8th of September 2020** by governmental decree
- **Available in English** on our website
- Period: **2020-2030**: goals divided on 2-5-10 year goals
- Structure: **3 layers, holistic approach**
- Living document with **84 specific measures** in its Annex
- Acknowledged by both the **EU Commission** as well as the **OECD**
- **Currently under governmental review and amendment**
- **New AI Strategy v2.0 will be presented towards the Government by the end of 2024**



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## Regulatory Sandbox under the EU AI Act – 12<sup>th</sup> of July 2024

Competent authorities have the power to supervise, guide, and support participants within the sandboxes. They are tasked with identifying and mitigating risks, particularly those affecting fundamental rights, health, and safety. If significant risks are detected and cannot be effectively mitigated, authorities can suspend or terminate the testing process within the sandbox



***Each EU Member State need to establish at least one Regulatory Sandbox by 2<sup>nd</sup> of August 2026***



***Competent Authorities are obligated to participate under the EU AI Act - enforcement***



***AI Regulatory Sandbox has to be open for application***

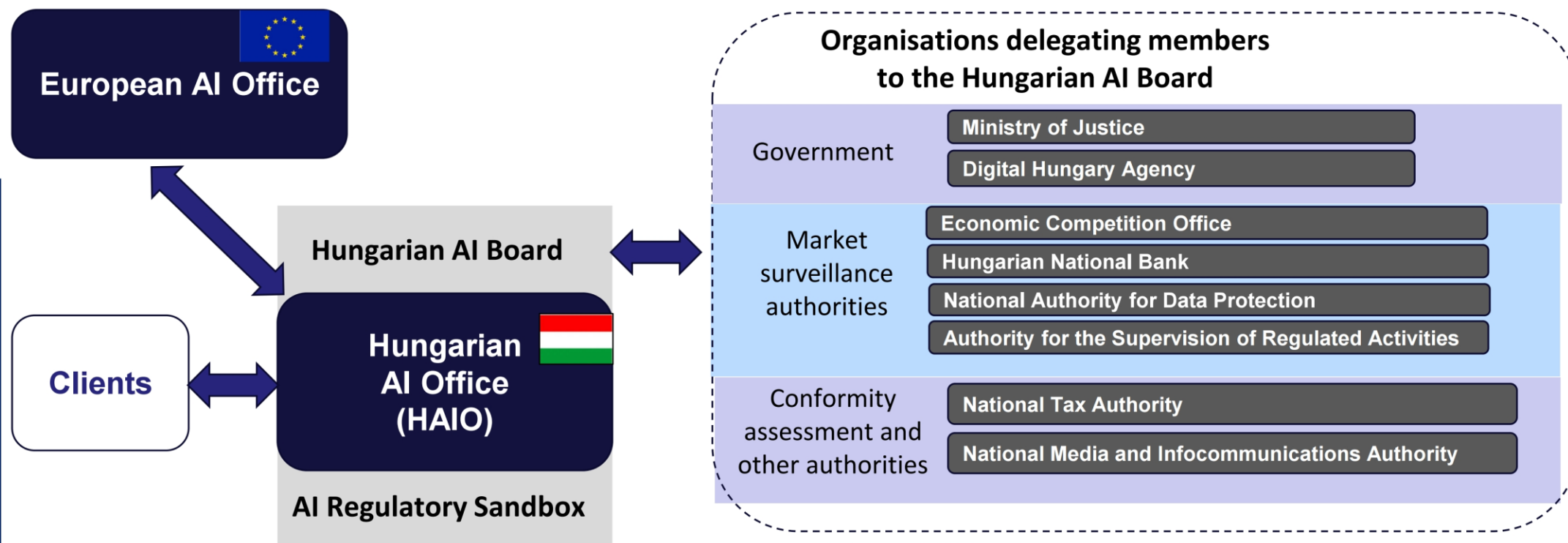


***Annual Reporting towards the EU AI Office***



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## EU AI ACT member state level: „Hungarian AI Office (HAIO)” (proposal)



### AI Regulatory Sandbox tasks:

Enabling to develop, train, validate and test innovative AI systems under regulatory supervision for a limited period of time, following a plan for a test environment - in real-world conditions where appropriate.

### Tasks of AI Board:

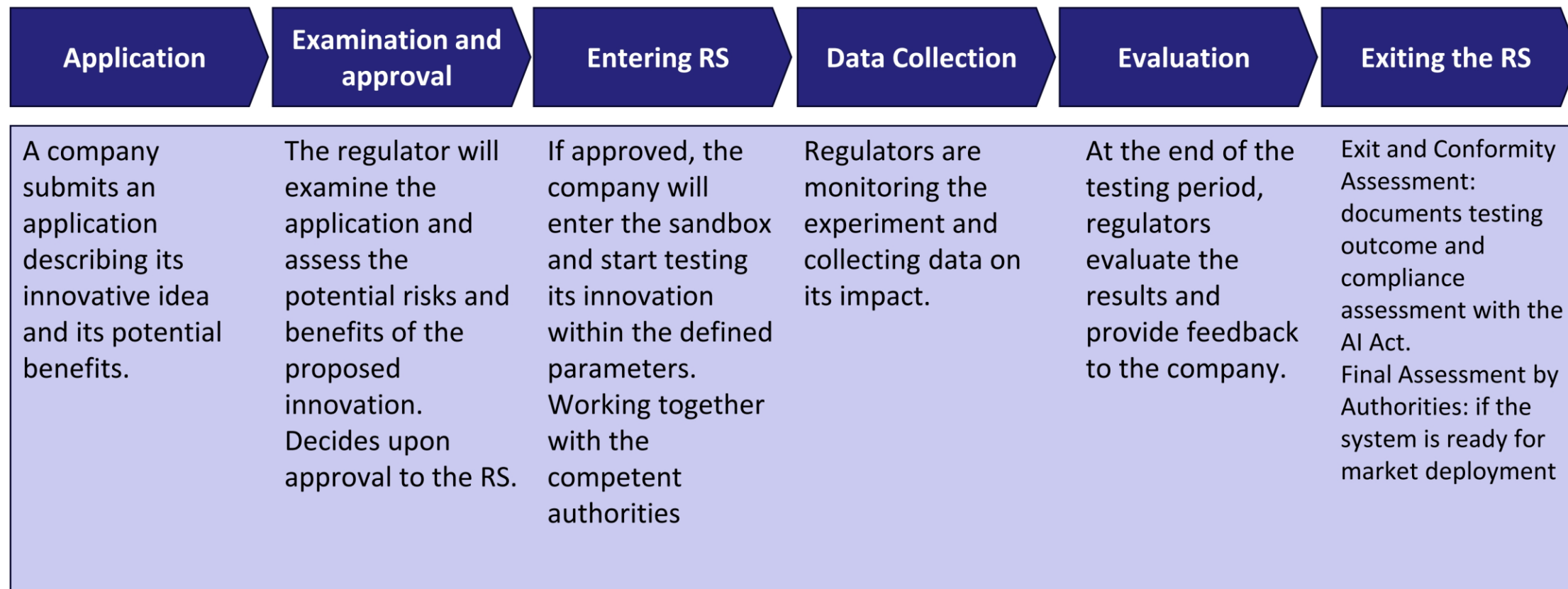
- common positions
- guidelines

### Tasks on EU Member State Level

- Domestic AI market surveillance
- Supporting the interpretation of rules
- Encourage the creation and development of the AI ecosystem
- Requesting information on AI developments
- Evaluation and classification of AI models
- Operating AI Regulatory Sandbox environment

# Regulatory Sandbox operating process, reducing the competitive disadvantage of SMEs

SMEs can reduce their competitive disadvantage vis-à-vis big tech and be supported to develop innovative and competitive services that comply with rules and consumer expectations in a cost-effective way. Without worrying about being subject to penalties or otherwise mandatory fees



# Regulatory Sandbox within “HAIO”

**Regulatory Sandbox: creating a lighter/simpler regulatory environment that allows businesses to test new and innovative products, services or business solutions under the supervision of a regulator for a limited period of time.**

## Objectives:

- **facilitate business learning, i.e. the development and testing of innovations in a real-life environment, and thus reduce potential legal risks;**
- **support the learning (understanding) of the regulator, i.e. the development of pilot legal systems to guide and support business innovation;**

## Benefits:

### Authority

- a better understanding of innovative products, enabling them to develop appropriate regulation, supervision and enforcement.
- facilitate communication between all stakeholders (business, government, consumers) and help build consensus on applicable rules.

### Businesses

- Innovators can develop their products and services in a regulatory-compliant way, avoiding potential legal risks.
- Help them to better understand monitoring expectations.
- Testing in a controlled environment also reduces risks and unintended consequences.

### Consumers

- A controlled environment protects consumers from untested products
- Or the potential risks associated with the goods or services.

# AI Regulatory Sandbox – Services

## Base Services – free of charge under the EU AI Act implementation

- Acces to the Regulatory Sandbox
- Consultation with the Auhtorities involved
- Limited Time availability
- SME priority Access
- Test infrastructure access
- Test Data sets made available (GDPR compliant)
- One-stop-shop approach for customers
- Limited time accessibility (3 months)



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## Additional Services – remuneration required (not mandatory under the EU AI Act)

- AI Expert pool if needed or requested
- Computational resources (HPC, GPU, CPU etc.)
- Software Architect consultancy
- Validation and Certification (not mandatory) together with the RS Exit Report (ISO 42001)
- RS accessibility extension

**Governmental Goal:** provide the necessary tools and resources to foster innovation and development as necessary

## AI Regulatory Sandbox – Governmental goals

- **One-Stop-Shop Controlled environment**, *where* AI systems can be developed, tested and validated, before entering the market.
- **Mitigate risks** under the regulator and market supervisory authorities guidance and cooperation under the EU AI Act
- **Serves as a technological gateway** for developers/providers who wish to enter the EU market as a pre-market testing environment.



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Thank You for Your kind attention

