

# AA & T Consulting

Sep 2024 - Special Alert - AI Opportunities or Risks

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*Dear Friends,*

*This is our first Alert on AI which was planned a year ago before AI stocks went wild and regulatory compliance were voluntary. Exciting changes kicked in during the year. It's time to seek opportunities and manage risks, especially compliance risks. Back in Nov 2021, 193 member states of the UNESCO unanimously endorsed UNESCO's Recommendations on a global AI ethics framework, regulatory efforts are slow until recently.*

*In this alert, we will review AI applications in different areas and latest regulatory risks of AI in different jurisdictions.*

*Hope you will enjoy these updates.*

*If you need any further updates, advices or training on AI control or regulatory matters, feel free to contact us via our website or email ([advisory@aathk.com](mailto:advisory@aathk.com)).*

*AA & T Consulting*

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## Introduction

- After the launch of ChatGPT and Gemini (formerly Bard), AI tools are now accessible by nearly everyone at fingertip. Application examples flooded academic journals and news. Understanding development and use of AI is essential to every business today.
- In Mar 2023, UNESCO called on all governments to implement Global Ethical Framework on AI without delay. The global normative framework was adopted unanimously by 193 UNESCO Member States to provide necessary safeguards on AI.

## Introduction (continued)

- Laws, regulations and guidance has been developing rapidly around the world on AI.
- AA&T always equips ourselves with the knowledge of latest tech and regulatory development to assist clients to understand associated risks and Implications and to act as a sounding board.



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## AI Opportunities

A recent research paper in September 2024 and other product websites showed that AI application can be applied in: education, entertainment, environmental management, financial services, gaming, marketing, healthcare and transportation. Further, it already helps in legal reviews, programming, video making, protein and genes analysis, etc. It can also help businesses in AML/KYC in onboarding (eg. facial/ID recognition), transaction monitoring (suspicious pattern identification), anti-fraud detection. For more details, please refer to Appendix 1..



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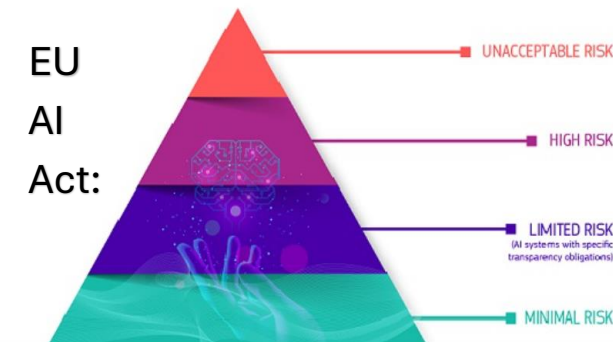
### AI Risks/Threats

- In March 2023, Elon Musk and other experts urged a halt to AI training in an open letter for implementing safety protocols and robust AI governance systems.
- In May 2023, Godfather of AI, Prof. Geoffrey Hinton also expressed concerns on risks of human extinction-level threats in Cambridge. In May 2024, he reiterated this threat in an interviewed with BBC.
- Governments are now developing AI regulatory requirements, hoping to contain this risk. Apart from the EU AI Act and US Executive Order on Safe, Secure and Trustworthy AI, U.K. also signed its first international treaty addressing AI risks in Sep 2024. China, Hong Kong and Singapore have all issued regulations or governance framework for AI.
- Corporations, like Microsoft and Google, also have their own AI governance framework nowadays. We need to understand best practices to build our own.

For more details, please refer to Appendix 1 and 2.

### A risk-based approach

The Regulatory Framework defines 4 levels of risk for AI systems:



GOV.UK

[Home](#) > [Crime, justice and law](#)

Press release

### UK signs first international treaty addressing risks of artificial intelligence

Lord Chancellor Shabana Mahmood signs first legally-binding treaty governing safe use of artificial intelligence.

From: [Ministry of Justice](#) and [The Rt Hon Shabana Mahmood MP](#)

Published 5 September 2024



OCTOBER 30, 2023

### FACT SHEET: President Biden Issues Executive Order on Safe, Secure, and Trustworthy Artificial Intelligence

[BRIEFING ROOM](#) > [STATEMENTS AND RELEASES](#)

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## How can AA & T Consulting help?

The above are some highlights of the opportunity and risks of AI applications. Hope that these will help your journey in embedding AI in your business.

If you need any help, feel free to contact us by phone (+852 9181 8659 (HK); +61 452 371 753 (Aus.)), email ([advisory@aathk.com](mailto:advisory@aathk.com)) or via website's "contact us" page at: [www.aathk.com](http://www.aathk.com) or [www.aataus.com](http://www.aataus.com) .



Note: The information contained herein is of a general nature and is not intended to address any particular circumstances of individuals or entities. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

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## **Appendix 1: Source/References**

### **1.1 General references**

1.1.1 Open letter in March 2023 signed by Elon Musk and other experts urging a 6 months halt to AI training: <https://futureoflife.org/open-letter/pause-giant-ai-experiments/>

1.1.2. Prof. Geoffrey Hinton's warning on AI risks:

a) Discussion on dangers of AI: Interview by PBS (May 2023)

<https://www.youtube.com/watch?v=yAgQWnD31nE>

b) Discussion in King's College in Cambridge (May 2023)

<https://www.youtube.com/watch?v=6uwtlbPUjgo>

c) Proposed Universal Basic Income due to loss of jobs (May 2024)

<https://www.bbc.com/news/articles/cnd607ekl990>

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## **Appendix 1: Source/References**

### **1.2 Sources for opportunities from AI applications**

1.2.1 Research paper for AI applications:

<https://www.sciencedirect.com/science/article/pii/S2090447924002612>

1.2.2 Sources introducing AI solutions:

a) AI solution for AML/KYC compliance:

<https://sanctionscanner.com/blog/5-ai-solutions-for-aml-and-kyc-compliance-263>

b) AI applications in Transportation, Finance, Education, Law, Business, and Healthcare

<https://www.neilsahota.com/artificial-intelligence-applications-real-world-examples/>

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## **Appendix 1: Source/References**

### **1.3 Sources for regulatory and ethical requirements**

1.3.1 Australian AI Ethics Principles and interim response to consultation:

a) Australia's 8 AI Ethics Principles (voluntary)

<https://www.industry.gov.au/publications/australias-artificial-intelligence-ethics-framework/australias-ai-ethics-principles>

b) Australian Government's interim response to "Safe and responsible AI in Australia" consultation <https://consult.industry.gov.au/supporting-responsible-ai>

c) Australian Responsible AI Index 2024

<https://www.fifthquadrant.com.au/content/uploads/Australian-Responsible-AI-Index-2024-Executive-Summary.pdf>



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## **Appendix 1: Source/References**

### **1.3 Sources for regulatory and ethical requirements**

#### 1.3.2 China AI regulations:

##### a) General AI Regulations

- Generative AI Regulation (生成式人工智能服务管理暂行办法):

[https://www.cac.gov.cn/2023-07/13/c\\_1690898327029107.htm](https://www.cac.gov.cn/2023-07/13/c_1690898327029107.htm)

- Measures for the Administration of Deep Synthesis (深度合成服务管理规定):

[https://www.gov.cn/zhengce/zhengceku/2022-12/12/content\\_5731431.htm](https://www.gov.cn/zhengce/zhengceku/2022-12/12/content_5731431.htm)

##### b) Sector specific regulations:

- Regulations on Recommendation Algorithms (互联网信息服务算法推荐管理规定):

[https://www.gov.cn/zhengce/zhengceku/2022-01/04/content\\_5666429.htm](https://www.gov.cn/zhengce/zhengceku/2022-01/04/content_5666429.htm)

- Data Security Law (数据安全法): [https://www.gov.cn/xinwen/2021-06/11/content\\_5616919.htm](https://www.gov.cn/xinwen/2021-06/11/content_5616919.htm)

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## **Appendix 1: Source/References**

### **1.3 Sources for regulatory and ethical requirements**

#### 1.3.2 China AI regulations: (cont'd)

##### c) Regional (or city) specific regulations

- Shanghai Regulations on Promoting the Development of AI Industry (上海市促进人工智能产业发展条例): <https://www.shanghai.gov.cn/hqcyfz2/20230627/....html>
- Shenzhen Special Economic Zone Regulations on AI Industry Promotion (深圳经济特区人工智能产业促进条例): <https://opendata.sz.gov.cn/article/article/toArticleDetails/1698878093958434816>

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## **Appendix 1: Source/References**

### **1.3 Sources for regulatory and ethical requirements**

#### 1.3.3 EU AI Act

a) Press Release for EU AI Act (Aug 2024)

[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_24\\_4123](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_4123)

b) EU AI Act summary

<https://digital-strategy.ec.europa.eu/en/policies/regulatory-framework-ai>

c) The EU AI Act (Regulation (EU) 2024/1689)

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024R1689>

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## **Appendix 1: Source/References**

### **1.3 Sources for regulatory and ethical requirements**

1.3.4 Hong Kong's AI regulatory development:

a) Guidance on Ethical Development and Use of AI by Privacy Commissioner for Personal Data (PCPD): [https://www.pcpd.org.hk/english/resources\\_centre/.../guidance\\_ethical\\_e.pdf](https://www.pcpd.org.hk/english/resources_centre/.../guidance_ethical_e.pdf)

b) Ethical AI Framework issued by Digital Policy Office (Revised in July 2024):

[https://www.digitalpolicy.gov.hk/en/our\\_work/data\\_governance/.../doc/Ethical\\_AI\\_Framework.pdf](https://www.digitalpolicy.gov.hk/en/our_work/data_governance/.../doc/Ethical_AI_Framework.pdf)

1.3.5 Singapore's AI regulatory development:

a) Singapore's Approach to AI Governance: <https://www.pdpc.gov.sg/..//2020/01/model-ai-governance-framework>

b) Model AI Governance Framework:

<https://www.pdpc.gov.sg/.../AI/SGModelAIGovFramework2.pdf>

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## **Appendix 1: Source/References**

### **1.3 Sources for regulatory and ethical requirements**

1.3.6 UK's approach to AI regulations:

a) UK signs first international treaty addressing risks of artificial intelligence (Sep 2024)

<https://www.gov.uk/government/news/uk-signs-first-international-treaty-addressing-risks-of-artificial-intelligence...202024>).

b) The King's speech (July 2024)

<https://researchbriefings.files.parliament.uk/documents/LLN-2024-0040/LLN-2024-0040.pdf>

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## **Appendix 1: Source/References**

### **1.3 Sources for regulatory and ethical requirements**

1.3.7 US AI regulatory status:

a) U.S. AI Regulatory Overall status: <https://www.whitecase.com/insight-our-thinking/ai-watch-global-regulatory-tracker-united-states>

b) Executive Order: Executive Order on Safe, Secure, and Trustworthy AI (Oct 2023): <https://www.whitehouse.gov/briefing-room/presidential-actions/2023/10/30/executive-order-on-the-safe-secure-and-trustworthy-development-and-use-of-artificial-intelligence/>

c) Fact sheet on Executive Order: <https://www.whitehouse.gov/briefing-room/statements-releases/2023/10/30/fact-sheet-president-biden-issues-executive-order-on-safe-secure-and-trustworthy-artificial-intelligence/>

d) US Department of Commerce Announces New Actions to Implement President Biden's Executive Order on AI: <https://www.commerce.gov/news/press-releases/2024/04/departments-commerce-announces-new-actions-implement-president-bidens>

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## **Appendix 1: Source/References**

### **1.3 Sources for regulatory and ethical requirements**

#### 1.3.8 Microsoft's Responsible AI principles

a) Overview: <https://www.microsoft.com/en-us/ai/responsible-ai>

b) Responsible AI Transparency Report:

<https://query.prod.cms.rt.microsoft.com/cms/api/am/binary/RW1l5BO>

c) Commitments to advance safe, secure, and trustworthy AI

<https://blogs.microsoft.com/on-the-issues/2023/07/21/commitment-safe-secure-ai/>

#### 1.3.9 Google Responsible AI Principles:

a) Overview: <https://ai.google/responsibility/principles/>

b) Responsible AI Practices: <https://ai.google/responsibility/responsible-ai-practices/>

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## **Appendix 2: Summary of worldwide AI regulations**

**Please refer to the Appendix 2 separately attached:**



Summary of  
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