



Designing regulatory sandboxes: hardly child's play

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# Regulatory Sandboxes

## Article 53

“controlled environment that facilitates the development, testing and validation of innovative AI systems for a limited time before their placement on the market or putting into service pursuant to a specific plan. This shall take place under the direct supervision and guidance by the competent authorities with a view to ensuring compliance...”

# Traction across EU

- Emerging technologies: AI, blockchain, IoT,...
- Wide range of sectors: fintech, transport, energy, telecommunications, health,...
- Policy-level: surveillance solutions in fight against Covid-19 (Council of Europe); establishing a framework for data governance (EC, European Data Strategy); Better Regulation toolbox

# How does it work?



# Evaluation

## Advantages

- **Signal for innovators**
- **Symbiotic increase of knowledge**
- **Adequate rules, supervision and enforcement**
- **Compliance by design**
- **Reduced time to market**
- **Early warning system**
- **Horizon risk scanning**

## Risks/concerns

- **Risk of fragmentation/Lack of standardization**
- **Unwilling test consumers**
- **Lack of necessary representation and scale**
- **Trade secrets**
- **Cross regulatory problem**



# The way forward

- Need for coordination, framework in terms of governance and supervision
  - Modalities and conditions of operation of AI regulatory sandboxes in delegated acts
- European AI Board: best practices, involvement of national competent authorities
- Large scale reference testing and experimentation facilities (TEFs) in Digital Europe Programme: technical support and testing facilities, help develop Codes of Conduct
- DIH and Federation of DIHs: 1) awareness and priority access for SMEs, 2) harmonization of national sandbox rules/interplay national and EU sandboxes, 3) multi-jurisdictional sandboxes, need for sandbox standardization to enable cross-border provision of services