Input on the AI Omnibus

By the appliedAI Institute for Europe - March 2026

The appliedAI Institute for Europe is a non-profit company, based in Germany, with the goal to foster trustworthy AI Innovation at scale, by providing educational, technical and community-related offerings with a focus on Startups, SMEs and the public sector.

We aim to shape the AI Act and secondary legislation with the stance of empowering “small-scale” AI Innovators and Governance bodies alike. We have shared our views with prior positions in consultations, empirical papers and as stakeholder to the AI Office for GPAI rules and transparency obligations.

Key points

Our feedback on the AI Omnibus is written with a view of promoting responsible AI innovation while balancing the urgency with the necessary quality of decisions and underlying evidence.

- **Postpone the timeline for high-risk requirements AND transparency requirements.** Europe’s ambition to lead in AI depends on an AI Act that is credible, predictable and workable across sectors. Shifting the timeline will enable much needed legal certainty.

- **Separate timeline-adjustments from substantive simplification.** Adjusting the timelines is urgent, but reforming substance requires scrutiny, analysis and trade-offs. If rushed, substantive “quick-fixes” may cause more damage than good.

- **Decide on simplification measures in alignment with GDPR and sectoral rules.** After the timeline is postponed, the simplification process should include a fact based digital fitness check with adherence to “better regulation principles”. Addressing substantial issues such as removing or adjusting product legislation listed in Annex I Section A AI Act or revising the GDPR requires more time and scrutiny. It should not be rushed.

Specific recommendations

Transparency Note

EU Transparency Register: 921015448668-91 German Transparency Register: R007410	Authors (all appliedAI Institute for Europe): Dr. Till Klein, Demian Niemeyer, Akhil Deo, Dr. Wolfgang Fischer, Dr. Frauke Goll

Detailed recommendations

1. Postpone timelines for High-Risk AND Transparency requirements

Postpone High-Risk Requirements for providers

We support delaying timelines for the entry into force of the obligations for providers of high-risk AI systems.

We recommend adopting fixed deadlines for the application of the high-risk requirements: **2 December 2027** for Annex III systems and **2 August 2028** for Annex I systems.

Rationale:

1. None of the necessary resources to reach high-risk compliance have been delivered on time. This includes the harmonized standards and guidance from the Commission on classification criteria for high-risk AI systems.

2. The national implementation in the member states is behind schedule. Many member states have still not published implementing laws, or designated market surveillance authorities and notified bodies.

3. Floating deadlines create more uncertainty. Pegging the date for applicability to the publication of standards is likely to further confuse companies and create redundant efforts.

Postpone Transparency Requirements for providers

We propose delaying timelines for the entry into force of the obligations for providers of transparency-obligated systems under Article 50(2) and 50(4).

Current proposals provide for a six month transitional grace period for providers of generative AI systems that have been placed on the market before 2 Aug 2026.

We recommend delaying the entry into force of the obligations in Article 50 (2) and (4) by six months to **2 February 2027.**

Rationale:

a. The Code of Practice for Transparent (CoP) AI Systems has been delayed and is expected only a few weeks before the entry into force of the current rules. This will not provide enough time to providers to implement the necessary technical measures or for the market to provide effective third-party solutions.

b. A formal delay of the timeline creates more legal certainty than the currently proposed grace period.

Postpone Transparency Requirements for Deployers

We also encourage to consider delaying the entry into force for deployers of transparency obligated systems under Article 50(4) by six month to **2 February 2027**

Rationale:

a. Deployers of these systems are equally affected by the delayed CoP.
b. Deployers' ability to reach compliance also depends on the Commission's guideline on Transparency obligations, including a definition of "deepfake", which is yet missing.
c. Deployers are faced with the practical challenge to visibly label deepfake content. However, the technical tools and methods are yet unknown, thus reaching compliance comes with unforeseen investments in time and resources.

2. Adopt the grandfathering approach for legacy High-Risk AI Systems

High-Risk AI Systems legally placed on the market should keep access

We support the proposal clarifying that the Article 111(2) grace period applies at the level of a type and model of AI system

Current proposals clarify: where at least one unit of a high-risk AI system has been lawfully placed on the market before the relevant compliance deadline, all other units of the same type and model may continue to be placed on the market without additional certification obligations, provided the design is not significantly changed.

We recommend that trilogue parties accept this proposal. We additionally recommend that this clarification, currently in Recital 21 of the Commission proposal, be inserted into the text of Article 111 of the AI Act.

Rationale:

a. Providers and manufacturers of these legacy products have demonstrated compliance to adequately protect health and safety.
b. The proposed grandfathering rule provides essential legal certainty for providers, particularly SMEs, who would otherwise face disproportionate recertification costs for individual units of systems already lawfully on the market.

Specify the interaction of legacy rules with adjusted timelines

Additionally, we recommend that the trialogue parties make explicit in the final text how this grace period interacts with the delayed application of high-risk requirements.

Rationale:

a. The coexistence of multiple transitional timelines creates a risk of conflicting obligations that smaller providers (e.g. SME & Startups, often without dedicated legal resources), may struggle to navigate.

b. Without clear sequencing, providers may be uncertain whether the grace period runs from the original 2026 deadline or from the delayed application dates, exposing them to inadvertent non-compliance.

3. Mandate Providers to communicate their Risk-Class to Deployers (Art 6.3)

Hold the AI value chain accountable; enable reporting by deployers

We propose replacing the obligation to register Article 6(3) assessments in the EU database with an obligation to disclose that assessment to prospective deployers

Current proposals between the trilogue parties differ significantly between removing the obligations to register versus keeping it as is.

We are ambiguous about these proposals. While removing the registration obligation might remove the administrative burden on providers (arguably more than €100 per AI System), we are concerned that it increases the risk of high-risk systems being incorrectly classified and placed on the market without adequate scrutiny.

We recommend replacing the obligation to register under Article 49(2) with a requirement to disclose the rationale for "not high-risk" under Article 6(3) to prospective deployers, also considering Article 25 on value chain requirements.

Rationale:

a. Providers remain obligated to produce a reasoned, time-stamped record of their classification decision, preserving a paper trail without the overhead of EU database registration.

b. Disclosure to prospective deployers directly addresses the misclassification risk. Deployers who receive the provider's assessment are better positioned to avoid inadvertently assuming high-risk obligations under Article 25.

c. Negotiators may consider adding an encouragement for deployers to report providers that repeatedly miss-classified their AI Systems to the respective market surveillance authorities.

4. Specify derogations for SMEs, SMCs, and startups; include deployers and public sector

Small actors need to understand what they are relieved from

We support the proposals that reduce compliance costs for SMEs, SMCs, and start-ups, but call for clarity about the derogations and an extension to deployers

We welcome this extension of existing measures for small-scale providers to SMCs (including the formal definition of SMC), because these enterprises represent a significant share of the companies driving AI innovation in Europe, and subjecting them to the full compliance burden applicable to large enterprises risks creating a disincentive to growth at precisely the scale-up stage where regulatory overhead is most damaging.

Clear derogations instead of "simplification-washing"

- The derogations for SMEs and SMCs should be substantiated with concrete references to harmonised standards, conformity assessment fees, fines, and the intensity of oversight, i.e. beyond the principle of proportionality.
- For instance, it remains unclear what elements of Article 17 an SME is actually relieved of compared to a large enterprise, or compared to an SMC.
- We recommend that the trialogue should clarify, provision by provision, what obligations are reduced, disapplied, or replaced for each category of operator.

Extend derogations to high-risk deployers in the private and public sectors

To further lower the burden for small-scale actors, we encourage the trialogue parties to consider the following:

a. **Grant derogations to smaller public sector bodies:** The scope of SME-specific measures should be extended to smaller public sector bodies, such as small municipalities or administrations. Many such bodies face capacity constraints comparable to private SMEs, and without targeted relief they face real legal barriers to AI adoption that will slow public sector innovation.

b. **Grant derogations to AI deployers:** The proportionate burden approach should be extended to deployer obligations, not only provider obligations. The majority of SMEs engaging with AI systems do so as deployers, and the current proposals largely focus SME relief on the provider side of the value chain.

c. **Reference SMEs and SMCs in Article 63 (1):** SMEs and SMCs should be explicitly included in the derogations available under Article 63(1), which currently limits simplified QMS compliance to micro-enterprises.

5. Drive AI Literacy by innovation measures instead of coercion

We support removing the obligation for AI Literacy from Operators, but call for wide scale education offerings to drive correct adoption of the AI Act

We welcome removing the existing obligation of AI Literacy, because it leads to damaging outcomes. Specifically:

- The obligations gave rise to a partially fraudulent market of overpriced education offerings on AI-compliance.
- Companies are establishing large-scale “check-box type” training programs on the AI Act that consume vast amounts of resources, but offer little added-value (similar to GDPR training).

That said, AI Literacy is a pre-condition for AI Adoption, i.e. it is essential for driving innovation while ensuring responsible development and deployment.

As the matter is complex and politically loaded, we propose two options for consideration:

Option A: Remove Article 4 entirely without replacement.

Rationale:

- The removal of the obligation would shift the incentive for AI Literacy from compliance (companies learn the absolute minimum) to innovation (companies learn as much as they consider relevant).
- The core purpose of AI literacy - to ensure that organisations build compliant AI systems - is inherently “baked” into the AI Act, in particular for high-risk and transparency-obligated systems.
    - All operators will have to implement internal controls (organisational and technical) to reach compliance, and by doing so, involved personnel are going to obtain necessary knowledge and skills.
- Low-risk AI systems are covered by other legislations, like the GPSR, GDPR, and (national) liability rules, which implicitly demands sufficient risk awareness by involved personnel, too.

Option B: Require AI Literacy from operators, but remove the link to fines

If Article 4 is to be maintained, we advocate for clarifying the conditions under which the lack of training may result in fines.

Lowering the regulatory burden can be supported by clarifying that:

- The mere fact that an operator has not conducted AI literacy training should not result in fines according to Article 99.
- In case a fine under Article 99 is issued, a lack of AI Literacy according to Article 4 should be taken into account within Article 99 (7), if AI literacy would have been an effective mitigation for a harm to health, safety or human rights or a general non-compliance.