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# The role of AI inventories in a dynamic regulatory landscape: Key insights

Presented by James Haldin, Richard Watson-Bruhn and Rebecca Evans

December 2025

# Presenter biographies



**James Haldin**

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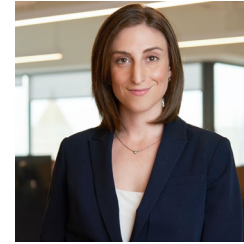
James (Jamie) is a partner in Davis Polk's White Collar Defense & Investigations and Data Privacy & Cybersecurity practices and is based in the New York office. For over 20 years, he has represented companies and boards in high-stakes investigations and enforcement matters with a particular focus on compliance, complex data issues and emerging technologies. Jamie also routinely helps clients across a broad range of industries implement, evaluate and enhance their compliance and risk management programs, including alignment with consent orders, other regulatory obligations and best practices.



**Richard Watson-Bruhn**

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Richard is head of PA Consulting's US Digital Trust & Cyber Security practice, where he leads work focused on AI governance, data protection and digital resilience. With deep expertise in navigating complex regulatory landscapes and enabling trusted innovation, Richard has led dozens of projects across healthcare, financial services, consumer clients and with privacy regulators. Richard is an advisory board member to the International Association of Privacy Professionals and regularly shares insight on AI risk and wider digital trust at conferences and in industry press.



**Rebecca Evans**

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Rebecca (Bex) serves as Director of Product Marketing at OneTrust. Among other things, Bex led the launch of OneTrust's AI Governance solution, partnering with early adopters and a cross-functional team to enable rapid and responsible innovation. Bex also supports OneTrust's own internal governance program, promoting transparency and trust with customers. She works closely with the world's leading companies as they establish and scale AI Governance programs.

# Agenda

## Section

- 01** Overview of AI regulatory landscape
- 02** AI corporate roundtables and survey
- 03** Key survey insights

## Slide

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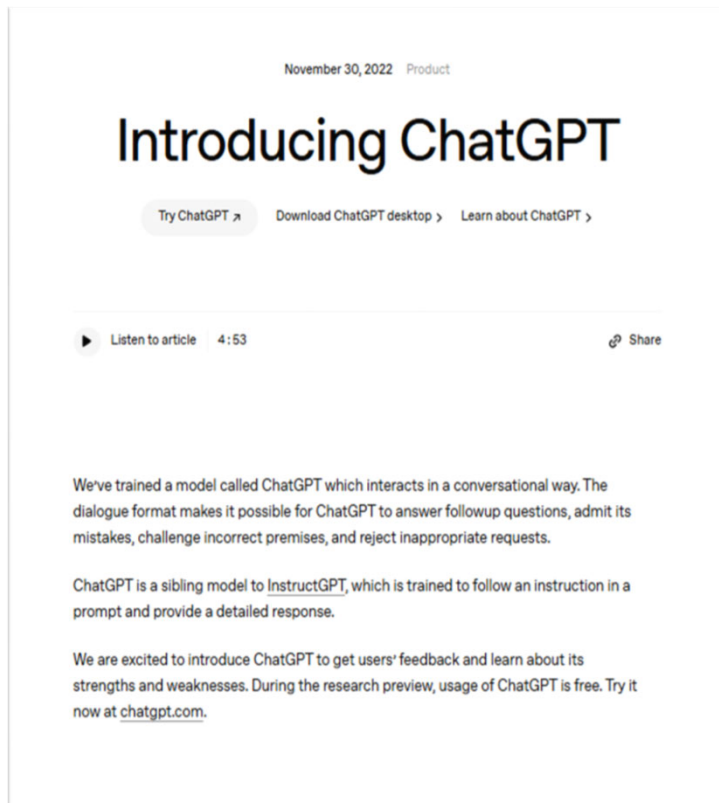
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# Overview of AI regulatory landscape

01

# AI regulatory landscape

## Existing laws



November 30, 2022 Product

## Introducing ChatGPT

[Try ChatGPT ↗](#) [Download ChatGPT desktop >](#) [Learn about ChatGPT >](#)

▶ Listen to article | 4:53 [Share](#)

We've trained a model called ChatGPT which interacts in a conversational way. The dialogue format makes it possible for ChatGPT to answer followup questions, admit its mistakes, challenge incorrect premises, and reject inappropriate requests.

ChatGPT is a sibling model to [InstructGPT](#), which is trained to follow an instruction in a prompt and provide a detailed response.

We are excited to introduce ChatGPT to get users' feedback and learn about its strengths and weaknesses. During the research preview, usage of ChatGPT is free. Try it now at [chatgpt.com](#).

**“Existing legal authorities apply to the use of automated systems and innovative new technologies just as they apply to other practices.”**

— [DOJ, FTC, CFPB and EEOC Joint Statement on Enforcement Efforts Against Discrimination and Bias in Automated Systems](#) (April 25, 2023)

**“[T]here is no AI exemption from the laws on the books.”**

— Then-FTC Chair Lina Khan (September 25, 2024)

# AI regulatory landscape

## Timeline

### October 2023

- President **Biden** issues EO 14111 (Safe, Secure, and Trustworthy Development and Use of AI)

### 2024

#### Initial legislation

- **Colorado** enacts AI Act
- **EU enacts AI Act**
- **Utah** enacts AI Policy Act
- **California** enacts AI Transparency Act

# Initial legislation

"Comprehensive" AI legislation

## Colorado



### AI Act

- Enacted May 17, 2024; originally effective February 1, 2026
- Applies to developers and deployers of "high risk" AI
- Embeds discrimination prevention and regulatory transparency into compliance
- Requirement to maintain inventory and disclose to regulators
- Pre-deployment impact assessments must evaluate and document risks of discrimination, mitigation strategies
- Fines up to \$20k per violation or injunctive relief

## EU



### AI Act

- Enacted May 21, 2024; multiple effective dates
- Applies to providers, deployers and importers of AI systems
- Most of EU AI Act is framed by AI use cases, though provisions for general purpose AI models with systemic risk have recently come into effect
- Imposes tiered requirements corresponding to risk classifications; requires a heavier compliance burden for higher-risk AI systems, and bans certain "prohibited" use cases
- Act includes documentation requirements for high-risk systems and general purpose AI models with systemic risk
- Fines up to the greater of €35 million or 7% of annual worldwide turnover

# Initial legislation (cont.)

Other AI legislative approaches

## Utah



### AI Policy Act

- Enacted March 13, 2024; effective May 1, 2024
- Applies to certain types of consumer-facing generative AI (Gen AI)
- Requires disclosures around use of Gen AI, including (prior to amendment) more onerous disclosures when Gen AI used in “regulated occupations”
- Establishes AI organization to inform policy development and AI regulatory sandbox
- Fines up to \$2.5k per violation or court-ordered relief

## California

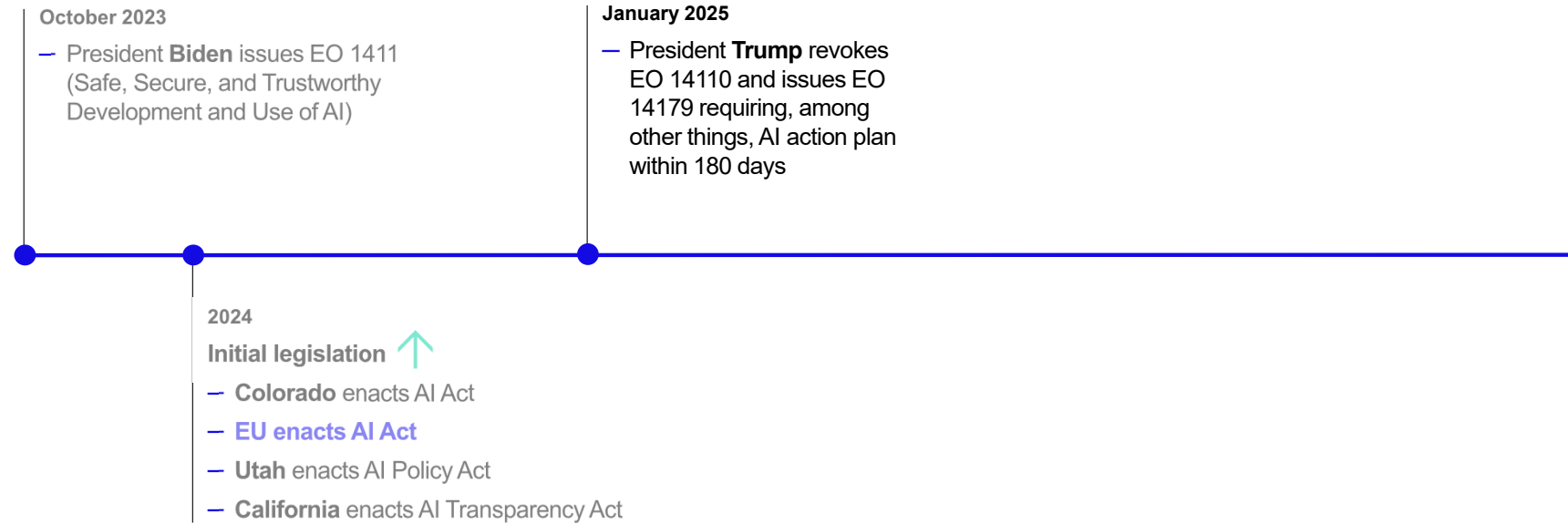


### AI Transparency Act

- Enacted September 19, 2024; originally effective January 1, 2026
- Applies to “covered providers”: businesses providing Gen AI with over a million monthly visitors
- Imposes requirements relating to AI detection
- Fines up to \$5k per violation, per day

# AI regulatory landscape

## Overview



# Trump Executive Order (EO) 14179



By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. Purpose. The United States has long been at the forefront of artificial intelligence (AI) innovation, driven by the strength of our free markets, world-class research institutions, and entrepreneurial spirit. To maintain this leadership, we must develop AI systems that are free from ideological bias or engineered social agendas. With the right Government policies, we can solidify our position as the global leader in AI and secure a brighter future for all Americans.

This order revokes certain existing AI policies and directives that act as barriers to American AI innovation, clearing a path for the United States to act decisively to retain global leadership in artificial intelligence.

Sec. 2. Policy. It is the policy of the United States to sustain and enhance America's global AI dominance in order to promote human flourishing, economic competitiveness, and national security.

## January 20, 2025 (Day one)

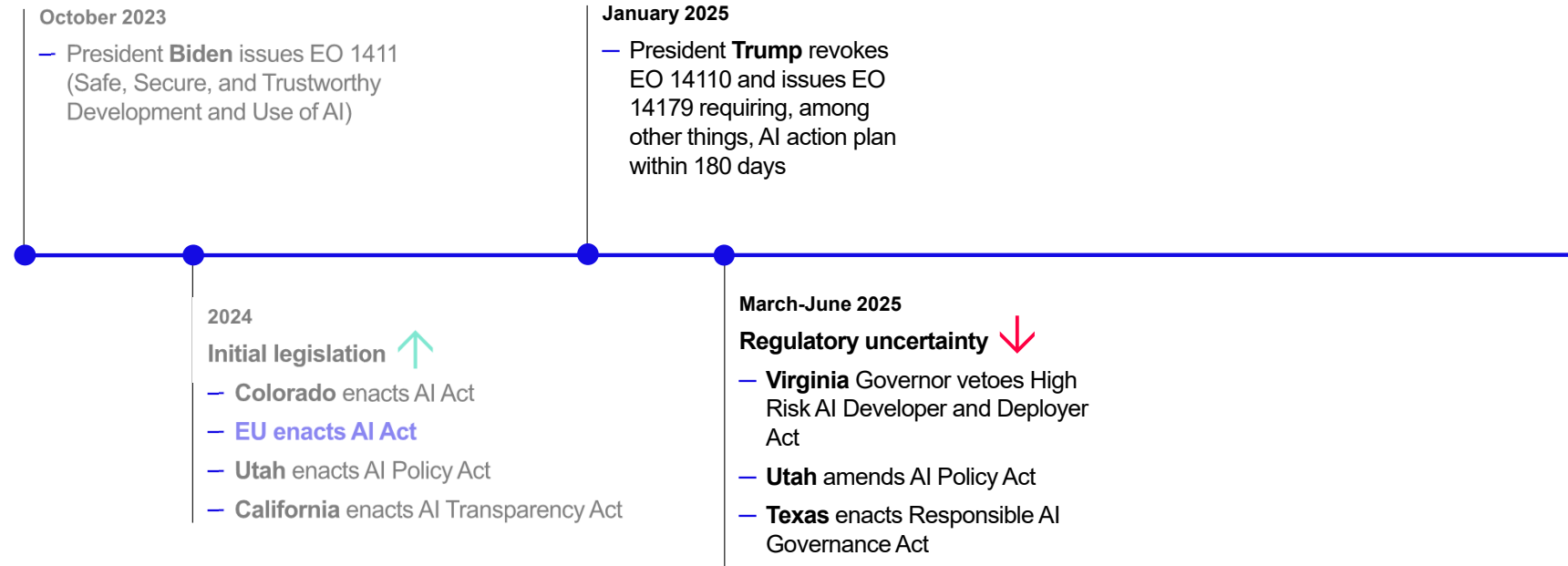
- Revoked Biden's October 2023 [EO 14110](#) (Safe, Secure, and Trustworthy Development and Use of AI)

## January 23, 2025

- Issued [EO 14179](#)
- Directs federal agencies to suspend, revise or rescind policies and directives implemented under EO 14110 “that act as barriers to American AI innovation”
- Establishes as U.S. policy “**sustain[ing] and enhanc[ing] America’s global AI dominance** in order to promote human flourishing, economic competitiveness, and national security”
- Requires Special Advisor for AI & Crypto (or Czar), in coordination with others, to develop an AI “action plan” within 180 days to achieve the U.S. policy goal

# AI regulatory landscape

## Overview



# Regulatory uncertainty

## Virginia



### High-Risk AI Developer and Deployer Act (HB 2094)

- Narrowly passed the Virginia General Assembly in February 2025
- Bill would have imposed requirements on developers, deployers and users of certain “high-risk” AI systems
- Governor Glenn Youngkin vetoed the bill on March 24, 2025, citing potential harm to VA business growth and compliance impact on small businesses

## Utah



### AI Policy Act amendments

- Enacted March 25 & 27, 2025; effective May 7, 2025
- Limits reach of UAIPA obligations, now requiring disclosure only:
  - when directly asked by a consumer, or
  - at the outset of an interaction with a regulated business only if the use of Gen AI constitutes a “high-risk” AI interaction

## Texas



### Responsible AI Governance Act

- Enacted June 22, 2025; effective January 1, 2026
- Focuses on government AI use and certain less controversial risks of private AI—a significant departure from its first incarnation as a comprehensive AI bill
- Establishes Texas AI Council and regulatory sandbox program with legal protection for 36 months
- Fines ranging from \$10,000 to \$200,000 per violation, but includes 60-day cure period

# AI regulatory landscape

## Overview



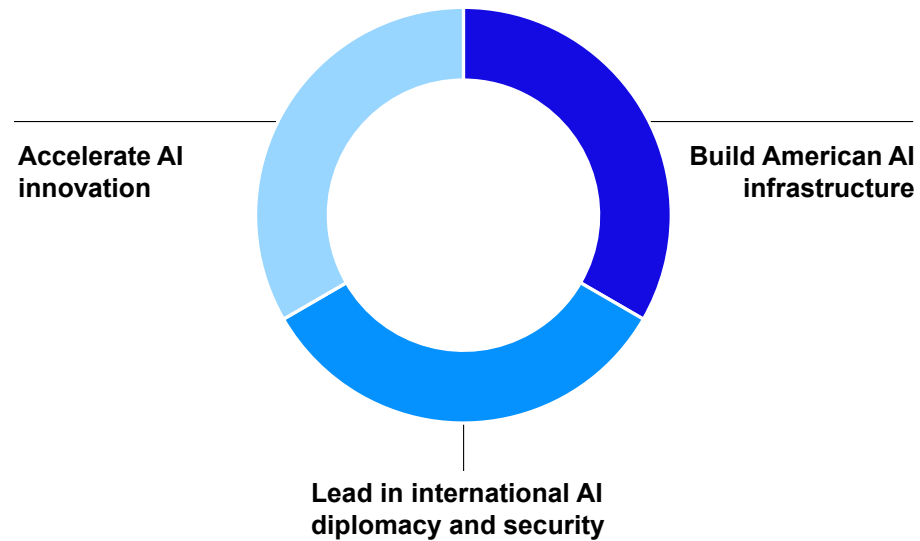
# AI Action Plan

Overview



**“As our global competitors race to exploit these [transformative] technologies, it is a national security imperative for the United States to achieve and maintain unquestioned and unchallenged global technological dominance. To secure our future, we must harness the full power of American innovation.”**

– Donald J. Trump



# AI Action Plan

Three pillars

## Pillar one:

Accelerate AI innovation

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**Foster innovation** with whole-of-government policy recommendations including:

- **Reduction of regulations** that hinder AI development
- **Definition of datasets** as a national strategic asset
- **Enhance access** to computing power
- **Funding** of AI-related science, R&D, and supply chain
- **Promote** public-private sector collaboration

## Pillar two:

Build American AI infrastructure

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- **Accelerate development** of the infrastructure needed to sustain the American AI industry, including chip factories, data centers, and energy infrastructure
- **Training** for the domestic workforce
- **Bolster the defensibility** of AI-infused critical infrastructure
  - Secure-by-design AI
  - Federal AI-specific incident response practices and frameworks for the public and private sectors

## Pillar three:

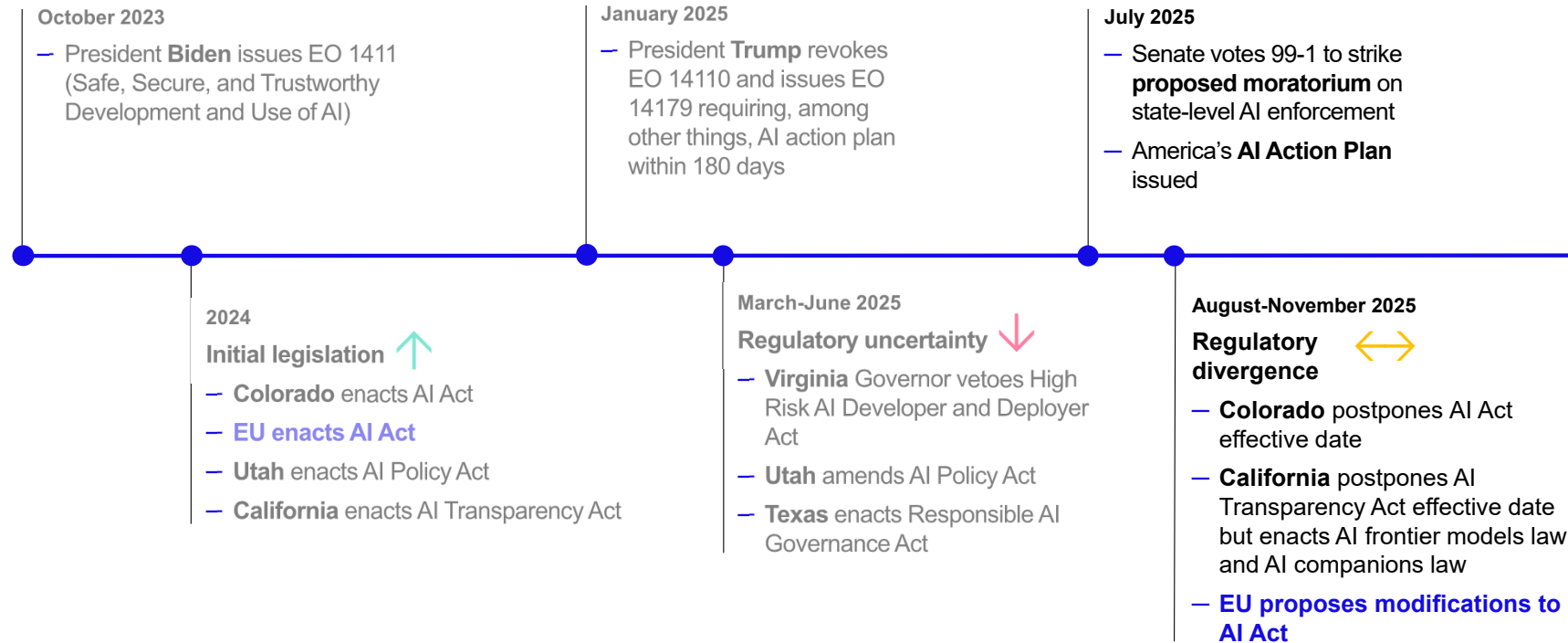
Lead in international AI diplomacy and security

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- **Export American** AI-related technology
  - Chips and servers
  - Data center storage
  - Cloud services and networking
  - AI models
  - Security systems
- **Strengthen export controls** for advanced technology
- **Mitigate influence** of other nations in international AI governance bodies and the world stage

# AI regulatory landscape

## Overview



# Regulatory divergence

Legislative activity

## Colorado



### AI Act amendments

- Enacted August 28, 2025
- Postponed effective date from February 1, 2026 to June 30, 2026
- Governor Polis' noted when signing the bill that it creates a "complex compliance regime" for AI developers and deployers that could deter competition
- The CO special legislative session failed to reach a compromise on developer disclosure requirements and joint liability between developers and deployer of AI systems violating existing civil rights laws

## California



### AI Transparency Act amendments

- Enacted October 13, 2025
- Postponed effective date from January 1, 2026 to August 2, 2026 to allow legislature to address implementation challenges (e.g., privacy concerns)
- New provisions also require "large online platforms" to detect and maintain provenance data and allow users to inspect that data; prohibits platforms from stripping provenance data from content uploaded
  - These provisions also apply to manufacturers of "capture devices" (e.g., phones)

# Regulatory divergence

Legislative activity

## California



### Transparency in Frontier AI Act

- Enacted September 29, 2025; effective January 1, 2026
- Applies to large frontier developers with annual gross revenue exceeding \$500 million
- Requires qualifying developers to conduct and manage catastrophic risks, publish transparency reports, develop safety framework, and report safety incidents to CA authorities
- Includes whistleblower protections
- California AG may impose fines up to \$1 million per violation

## EU

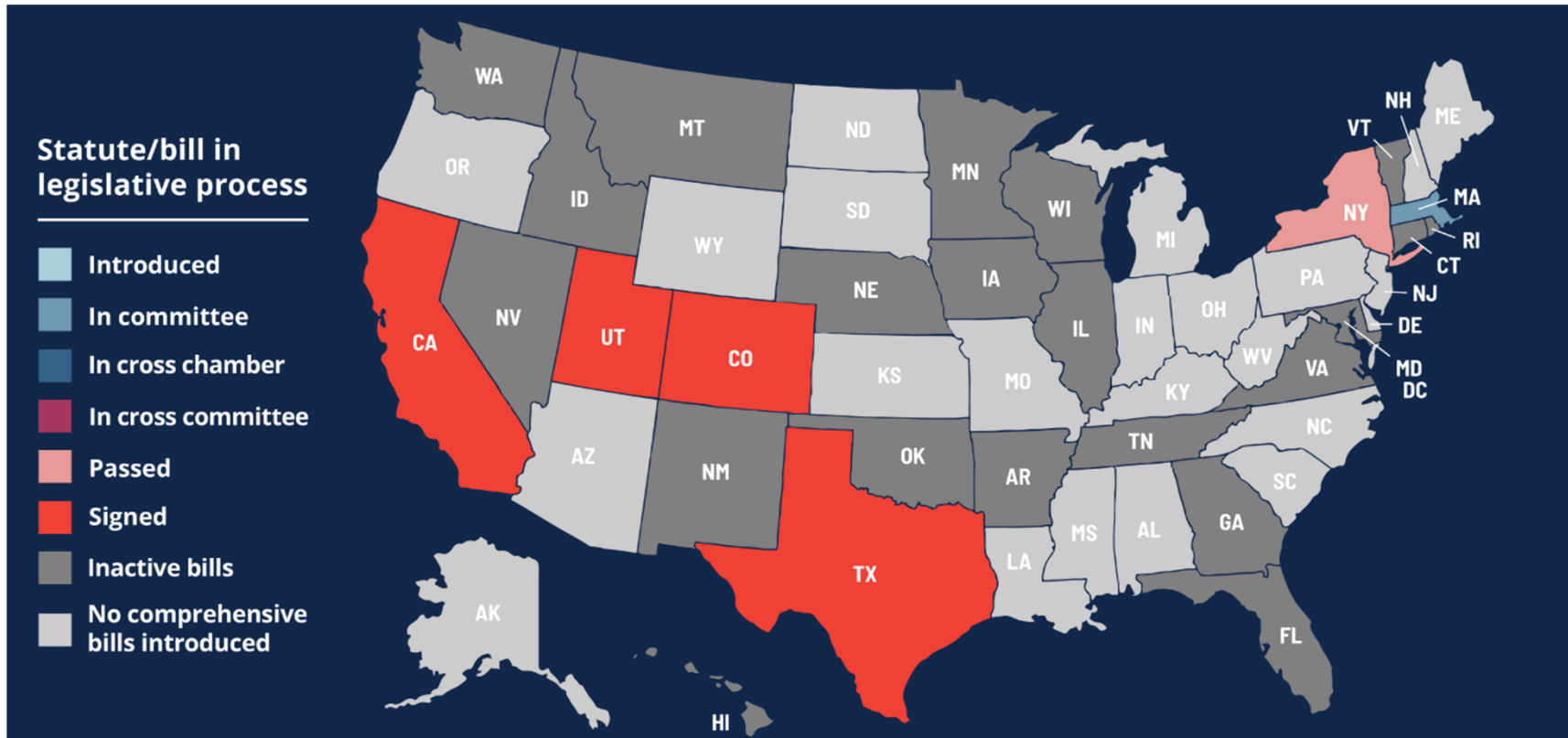


### AI Act proposed amendments

- Announced November 18, 2025
- Proposal includes delay of effective date for high-risk AI system requirements until relevant standards are ready; effective dates now apply, at latest, December 2027 and August 2028
- Other proposed changes intended to decrease administrative work while fostering innovation
- Proposals will be submitted to European Parliament and Council for adoption

# State AI legislation

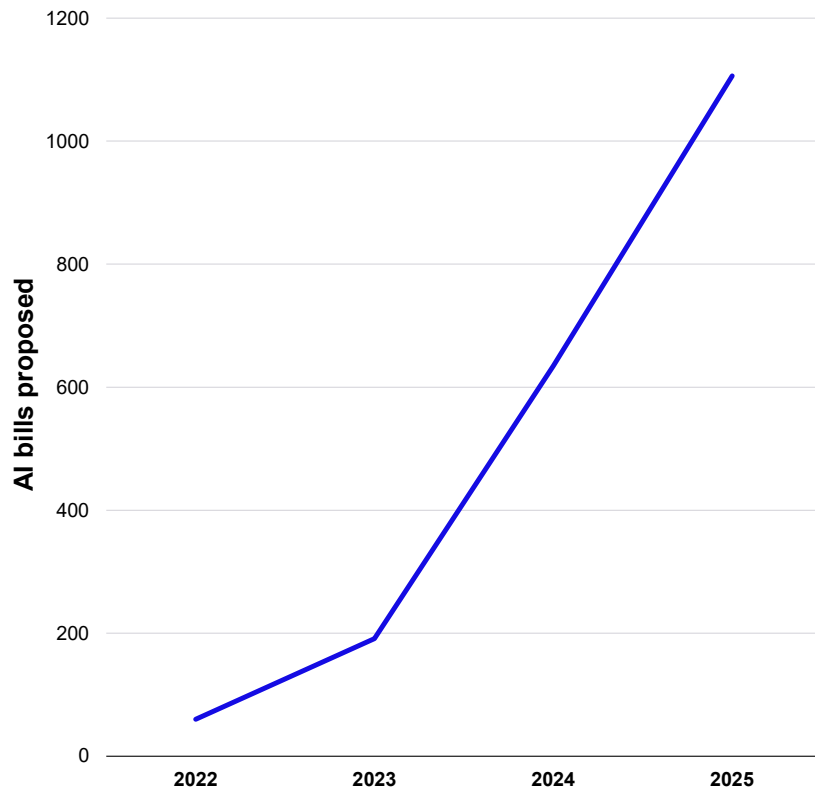
Snapshot



Source: US State AI Governance Legislation Tracker, International Association of Privacy Professionals (last visited on December 1, 2025)

# State AI legislation (cont.)

Options / velocity



\*Artificial Intelligence (AI) Legislation, multistate.ai, [multistate.ai | AI Policy Insights](https://multistate.ai/ai-policy-insights) (last visited December 1, 2025).

## Comprehensive legislation

Consumer protection

Gen AI

Frontier models

Chatbots

Sector-specific

Algorithmic Pricing


# State AI legislation (cont.)

## Potential headwinds

POLITICO

### White House prepares executive order to block state AI laws

Draft document obtained by POLITICO calls for task force and multi-agency approach.



Attorney General Pam Bondi speaks during an announcement at Department of Justice headquarters in Washington, on Nov. 19, 2025. | Francis Chung/POLITICO

By BRENDAN BORDELON and CHRISTINE MUI  
11/19/2025 06:36 PM EST

The White House is preparing to issue an executive order as soon as Friday that enlists the power of the federal government to block states from regulating artificial intelligence, according to four people familiar with the matter and a leaked draft of the order obtained by POLITICO.

## Potential Executive Order

- According to media reporting, potential executive order could entail multiple directives, including:
  - Creation of new DOJ task force to challenge state AI laws
  - FCC development of new federal AI rule that would preempt conflicting state laws and establish reporting and disclosure standard for AI models
  - Commerce Department review of “onerous” state AI laws, with restriction of federal broadband funds to states whose AI laws are found to be objectionable
  - FTC directive to investigate whether state AI laws that “require alterations to the truthful outputs of AI models” are barred under the FTC Act

# AI corporate roundtables and survey

02

# AI corporate roundtables

## AI Risk Leaders discussions

- 
- Illustrative discussion topics:
    - Regulatory landscape
    - Ownership of AI deployment and governance
    - Key internal drivers for inventories and risk assessments
    - Consideration of industry frameworks
    - Technology and tooling

<b>New York</b>	<b>Princeton</b>
<b>San Francisco</b>	<b>Boston</b>
<b>Atlanta</b>	<b>London</b>

## Emerging focus on AI inventories

**Dynamic regulatory environment**

**Exponential growth of use cases**

**Potential to reduce failures and increase value**

**Alignment with best compliance practices**

# DOJ Evaluation of Corporate Compliance Programs (ECCP) guidance

US Government (including DOJ and SEC) will consider the strength of the company's compliance program in determining the proper treatment of a company in conducting an investigation, determining whether to bring charges, and negotiating resolutions



**DOJ's ECCP guidance poses three "fundamental questions" in evaluating corporate compliance programs:**

## 01

**Is the program well designed?**

- Risk Assessment
- Policies and Procedures
- Training and Communications
- Confidential Reporting Structure and Investigation Process
- Third-Party Management
- Mergers and Acquisitions

## 02

**Is the program implemented effectively?**

- Commitment by Senior and Middle Management
- Compliance Autonomy and Resources
- Incentives and Disciplinary Measures

## 03

**Does the program work in practice?**

- Continuous Improvement, Periodic Testing, and Review
- Investigation of Misconduct
- Analysis and Remediation of Any Underlying Misconduct

# DOJ ECCP guidance (cont.)

September 2024 updates

## A. Risk assessment

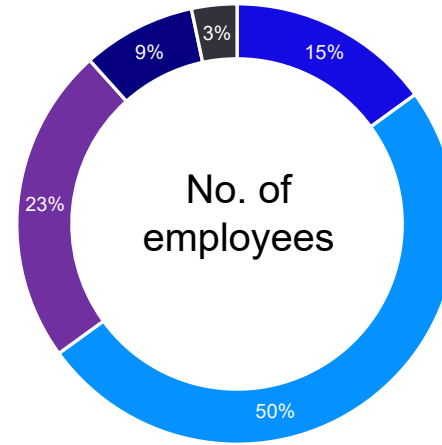
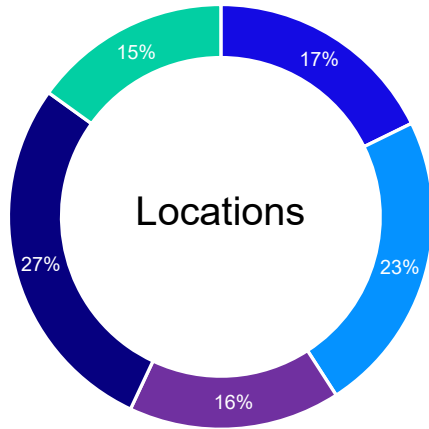
“This evaluation should account for **emerging risks** as internal and external circumstances impacting the company’s risk profile evolve . . . prosecutors should **consider the technology – especially new and emerging technology – that the company and its employees are using to conduct company business, whether the company has conducted a risk assessment regarding the use of that technology, and whether the company has taken appropriate steps to mitigate any risk associated with the use of that technology.**”

### Other considerations

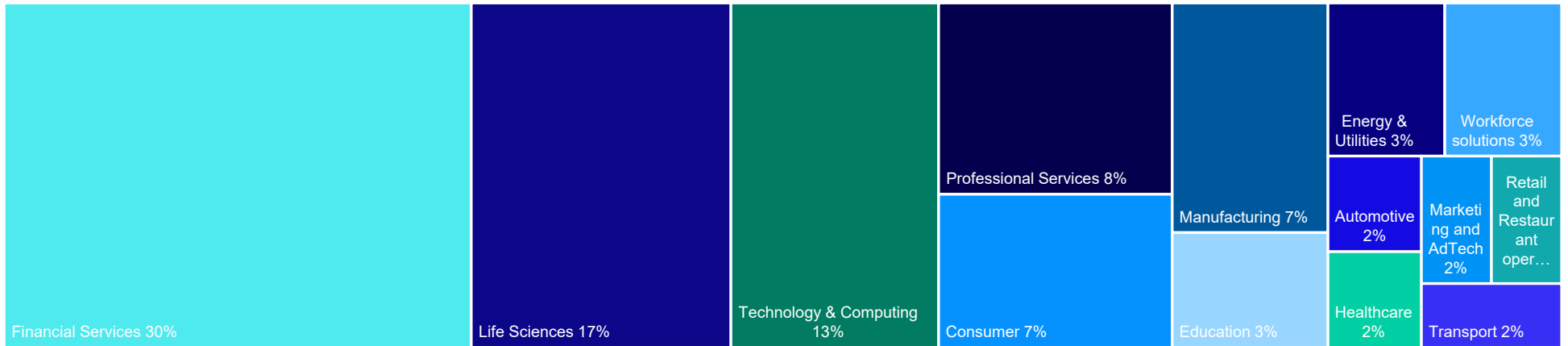
- Whether management of risks related to the use of AI and other new technologies is integrated into broader enterprise risk management (ERM) strategies
- The company’s approach to governance regarding the use of new technologies
- How accountability over use of AI is monitored and enforced
- How the company trains its employees on the use of emerging technologies
- If the company uses AI for its compliance program, whether controls are in place to ensure the technology’s trustworthiness, reliability and compliance with law

# AI corporate survey

- East Asia & Pacific
- Europe
- Middle East & Africa
- North America
- South America



- 1,000 - 5,000
- 10,000+
- 100 - 1,000
- 5,000 - 10,000
- Less than 100



# Key survey insights

03

## Key survey insights: Overview

**01**

Capture value as well as risk

**02**

Design tooling for a journey

**03**

Assess across the AI lifecycle

**04**

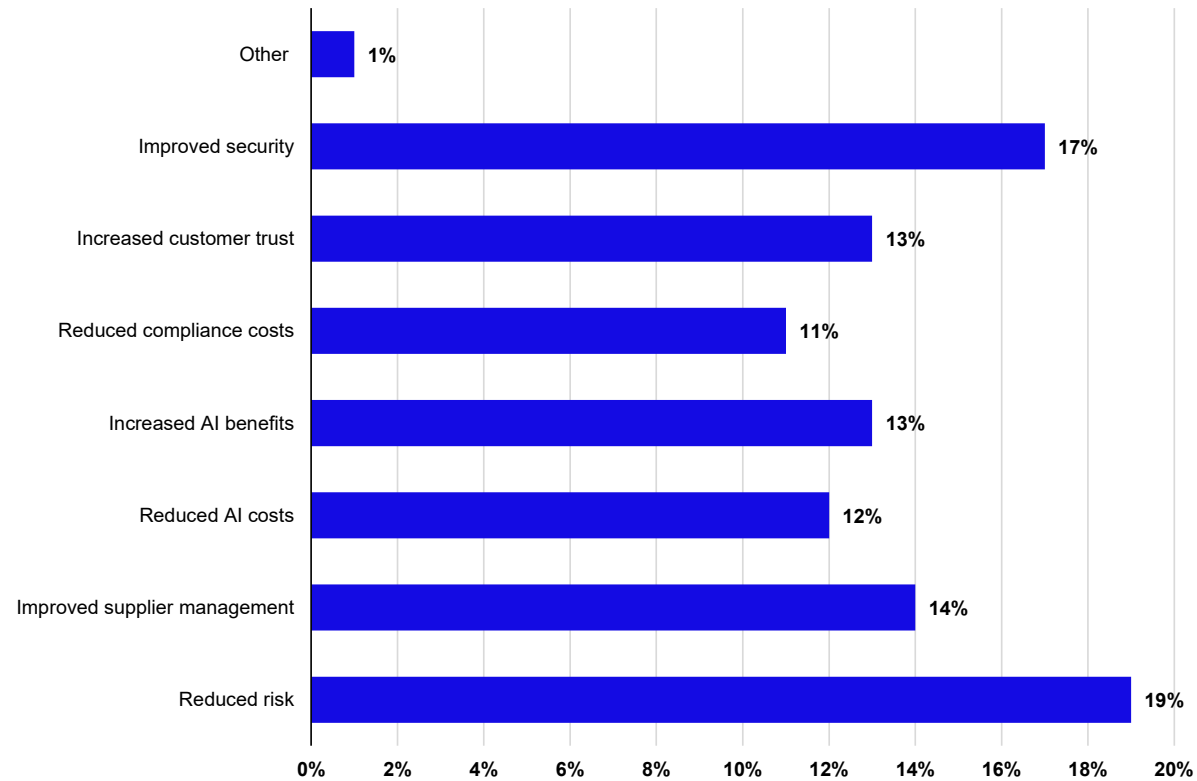
Capitalize on flexibility of ownership

# How should companies capture value?

01

Capture value as well as risk

Fig 1. Survey results on the value of an inventory

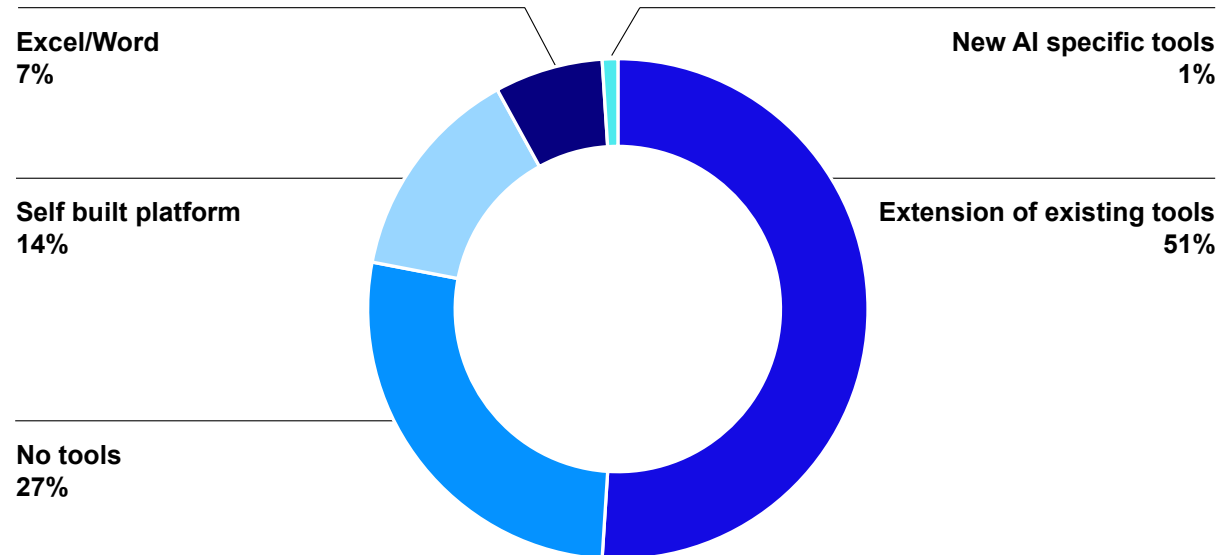


# What are the components of a successful tooling deployment?

02

Design tooling for a journey

Fig 2. Survey results on inventory tooling

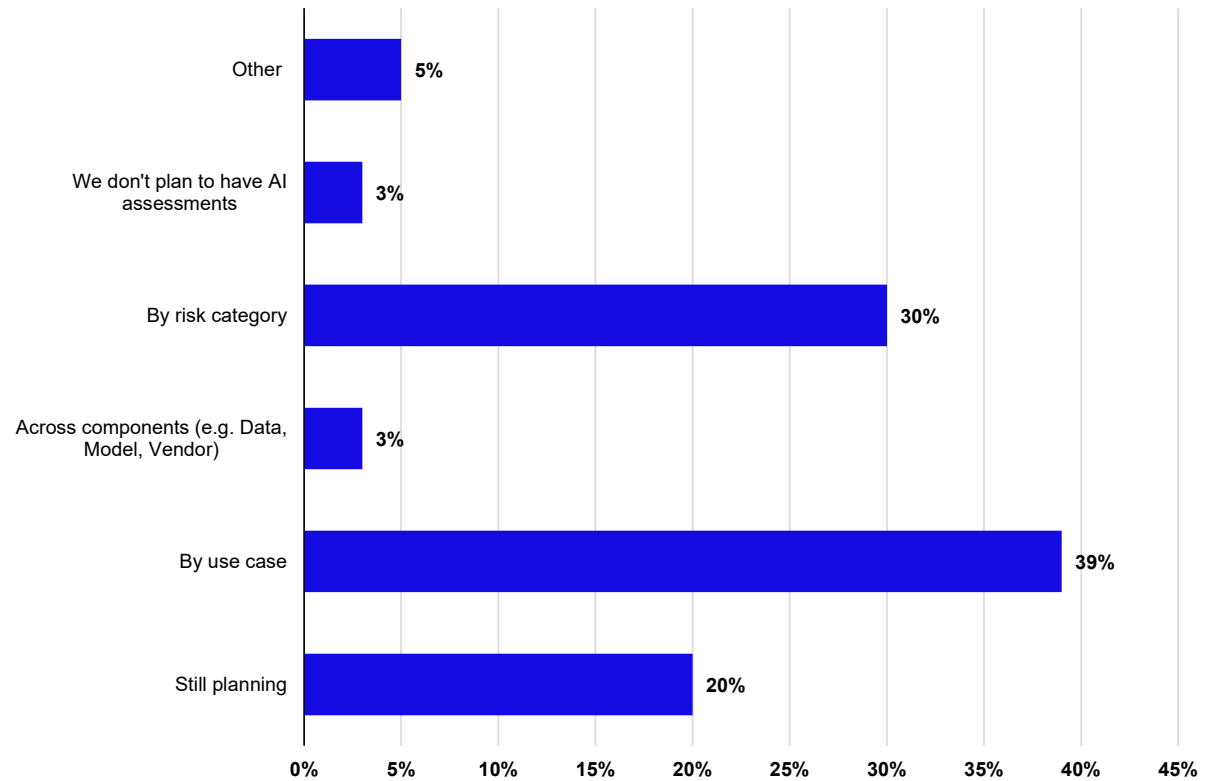


# How should companies embed AI assessments?

03

Assess across the AI lifecycle

Fig 3. Survey results on assessment structure

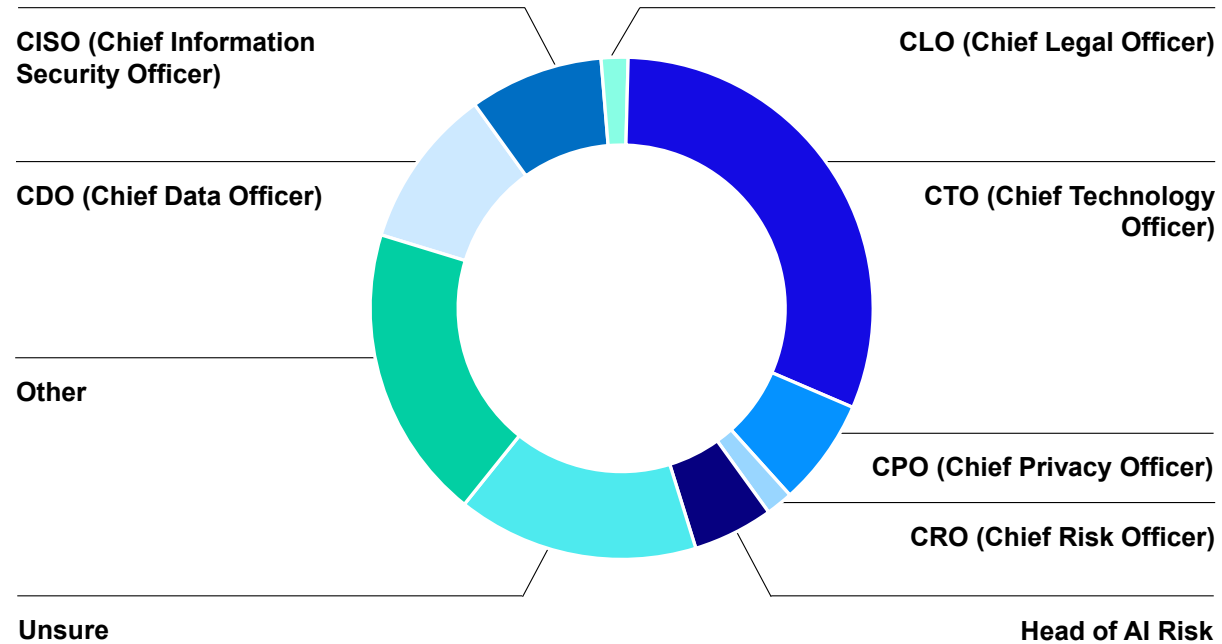


# Who should own an AI inventory program?

04

Capitalize on flexibility of ownership

Fig 4. Survey results on ownership



# Questions?