

GLOBAL AI BRIEF

Legal, Policy & Market Developments

EDITION 1



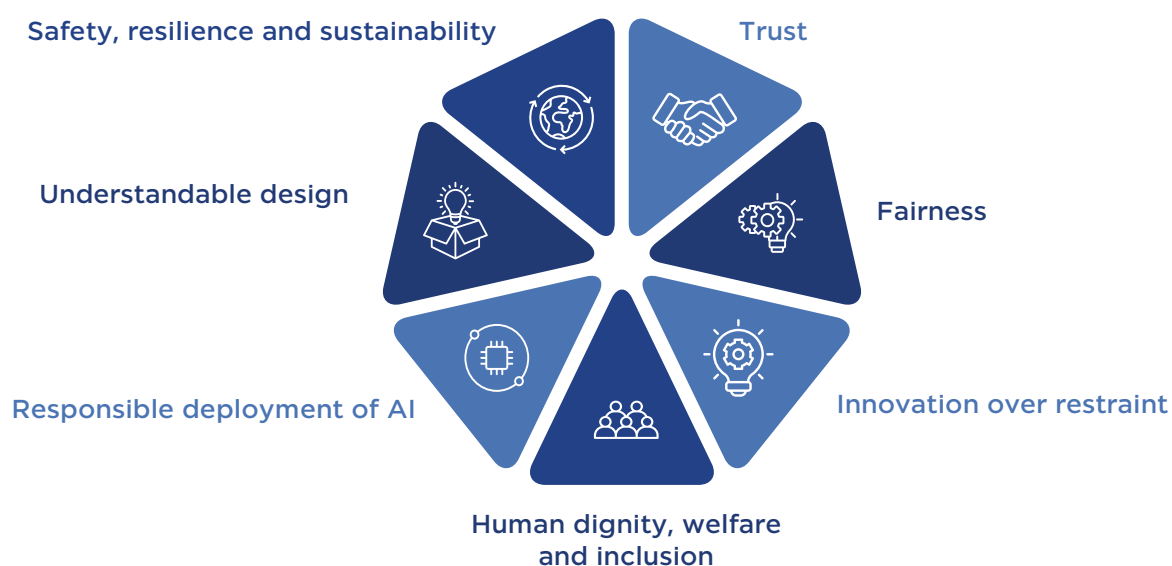


Executive Summary

AI governance is sweeping across the globe through a coordinated, albeit divergent wave. A deregulatory pivot of post-BREXIT United Kingdom (UK) to India's ethics-first framework for responsible AI, governments are increasingly reconciling accountability with innovation. While the United Nations (UN) and China drive competing visions of global oversight, pitting scientific pluralism against centralised governance, the United States of America (US) is seen balancing industrial ambition with caution. The shift from AI policy to practice has never been more evident as also in the endeavour of Singapore and Australia to establish practical and achievable standards for AI governance. We eye these developments closely as part of our Global AI Brief.

RBI's AI Framework Sets Legal Tone for Responsible Innovation in Finance

The Reserve Bank of India's (RBI) FREE-AI Committee has published a framework considering comprehensive industry surveys and stakeholder consultations for leveraging responsible and ethical AI in the financial sector. The framework offers twenty-six recommendations, centred on "7 Sutras":



Notable recommendations include the establishment of a shared infrastructure for greater data access, an AI Innovation Sandbox, and the development of indigenous AI models for the financial sector.



UK's Data (Use and Access) Act Revamps AI Regulation and Use of Data

In a significant departure from the regulatory approach of Brussels, the UK Data (Use and Access) Act 2025 eases restrictions against automated decision making (ADM) under UK existing data protection law. Key changes include a more permissive approach towards enabling ADM involving personal information other than special category data (e.g., religious beliefs, racial or ethnic data, genetic data, political opinions or biometrics). Previously, ADM involving personal data without meaningful human intervention that could have a legal or similarly significant impact could only be carried out pursuant to specified legal bases (i.e., explicit consent, contractual necessity and legal authorisation) as opposed to other flexible bases such as legitimate interests. This change highlights the post BREXIT shift in the regulatory intent in the UK, reflecting a forgiving stance towards AI deployment, possibly to encourage scientific development and innovation.

China Proposes New Global AI Governance Body to Counter Fragmented Regulation

Concerned that AI-led technology could become the “exclusive game” of a few jurisdictions and select companies, China has proposed a Global Artificial Intelligence Cooperation Organization (GAICO) to coordinate global efforts on AI laws. Premier Li Qiang told the World Artificial Intelligence Conference in Shanghai that China seeks AI to be openly shared and for all countries and companies to have equal rights to use it. GAICO represents China's drive for leadership in AI diplomacy and aims to create global AI Governance models, harmonize regulations, facilitate cross-border research, and manage risks. GAICO draws comparisons to the World Health Organization (WHO) or World Trade Organization (WTO) as a potential global anchor for AI governance.

UN Steps Up: Scientific Panel and Global Dialogue to Shape the Future of AI Oversight

To promote scientific understanding and ensure a balanced representation on AI governance from across the world, the UN General Assembly has approved an Independent Scientific Panel and a Global Dialogue on AI Governance. The scientific panel will comprise 40 members serving for a three-year term with multilateral representation from across the world. The UN Panel will issue scientific assessments to analyse existing research relating to the opportunities, risks and impacts of AI and prepare an annual summary report of its findings which will be presented at the Global Dialogue on AI Governance. The Dialogue will be a platform to host discussions on best practices, and lessons learnt to facilitate open, inclusive and transparent discussions on AI governance.



Building Trust and Clarity: EU Rolls Out Voluntary General-Purpose AI Code To Ease AI Compliance

The European Commission published a voluntary General-Purpose AI (GPAI) Code of Practice (Code), accompanied by Guidelines on the scope of obligations for providers of GPAI models under Regulation (EU) 2024/1689 (AI Act).

The Code provides practical guidance on how AI model providers can fulfil core obligations under the AI Act, particularly relating to transparency, copyright, and mitigation of systemic risks. The Guidelines complement the Code, helping actors within the AI ecosystem understand whether the obligations would be applicable to them and what is expected of them. Following its endorsement, GPAI providers that voluntarily sign the Code can demonstrate their compliance by adhering to it, increasing legal certainty and reducing their administrative burden.

The Code and the Guidelines were released ahead of key provisions of the AI Act coming into effect from 2 August 2025. On this date, key provisions including those relating to obligations of GPAI providers (such as maintaining technical documentation, publishing summaries of training data, etc.), and institutional and enforcement structure of the AI Act were brought into force. These include the establishment of the AI office as well as designation of national market surveillance authorities. While signing the Code is not mandatory, it enables signatories to demonstrate compliance with the AI Act.

Notably, for GPAI providers that pose systemic risks, the Code recommends establishing a state-of-the-art safety and security framework. This includes a description and justification of the trigger points along the model lifecycle, as well as light-touch model evaluations during the development stage.

White House Announced “Winning the AI Race” Plan — Deregulate, Build, Export

Following the promulgation of the Executive Order Removing Barriers to American Leadership in AI in January 2025, the White House has released a comprehensive AI policy initiative titled “Winning the Race: America’s AI Action Plan.” The Plan is based on three foundational pillars:



Accelerating innovation



Building national AI infrastructure



Leading global AI diplomacy



In addition to these three core structural pillars, the Plan intends to empower American workers through its national AI strategy to ensure that they are positioned to benefit from opportunities created by AI technological revolution: ensure ideological neutrality to ensure that large language models are unbiased and free from ideological dogmas and partisan judgments; and protection against misuse of such technologies by malicious actors and unforeseen security risks. The Plan encourages semiconductor fabrication, data centres, a global “AI Alliance”, open-source AI, regulatory sandboxes, and enhanced cybersecurity, with a focus on deregulation to support private sector growth.

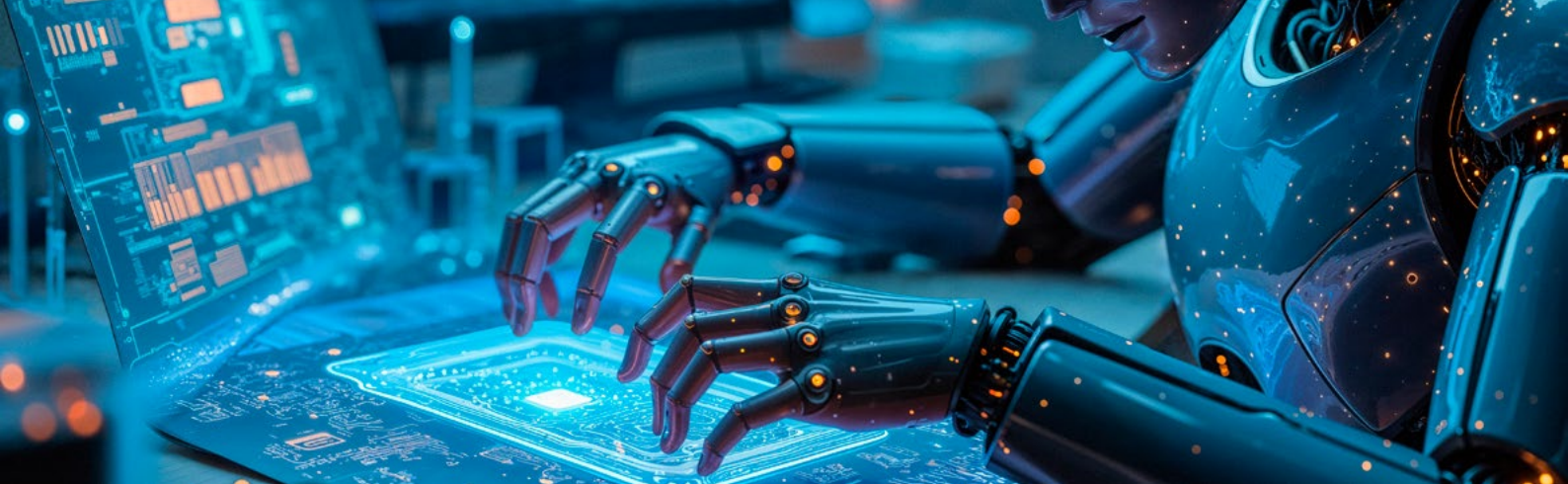
Australia Sets the Standard: New AI Technical Guidelines and “GovAI” Platform

To ensure ethical and responsible use of AI across government departments, the Australian Government has introduced a comprehensive AI Technical Standard covering design to decommissioning. Key areas include designation of specific roles for implementation, clear governance structures, end-to-end auditability throughout the AI life cycle and systemic identification to manage bias. In addition, the new GovAI platform promotes cooperation across the public sector and assists agencies in implementing generative AI. The Standard seeks to operationalise existing regulatory policy on responsible AI deployment, including for instance, the Policy for Responsible Use of AI in Government. The reuse of existing government policy to develop and deploy responsible AI, rather than duplicating policies and processes is indeed a welcome initiative for increasing bureaucratic efficiency.

Singapore Unveils AI Assurance Sandbox, PET Guide and National Data Standard for Trusted AI

Singapore has expanded its Global AI Assurance Sandbox, to enable organisations to safely test AI innovations, including agentic AI. The Sandbox will also enable sector regulators that seek to develop and receive real-life feedback on AI governance to get insights, which in turn would inform regulatory policy, to develop accreditation for the operation of AI testers. To also facilitate the adoption of privacy-preserving solutions while developing AI systems, the Singapore Government has also published a Privacy-Enhancing Technologies (PETs) Adoption Guide. The Data Protection Trustmark has also been made a national standard (SS 714:2025), which streamlines compliance by bringing regional certification into line with global data standards.

Businesses which demonstrate accountable data protection practices within the AI systems that they deploy, can apply to be certified under this Trustmark which sets the benchmark for data protection excellence, creating a symbol of trust and reliability. This development is aligned with Singapore’s



risk-based, pragmatic approach to AI governance which balances innovation with appropriate guardrails to foster a trusted and reliable digital ecosystem.

AI Training is Not Zero – Sum: Anthropic Reaches Landmark Copyright Settlement

Earlier this year, the US District Court for the Northern District of California (court) in the case of Bartz et al. v. Anthropic PBC delivered the first decision on whether training Large Language Models (LLM) on copyright protected content amounts to “fair use.” A group of authors and publishers alleged that Anthropic PBC was unlawfully using their books to train the LLMs underlying Claude. In its ruling, the court found that the use of the plaintiffs’ books to train generative AI models qualified as fair use.

However, the court ruled that Anthropic’s practice of collating a “general purpose library” - including millions of pirated books - that may or may not be used to train any of Anthropic’s LLMs would not qualify as a fair use and is therefore infringement. Anthropic has proposed to pay damages of USD 3,000 for each of roughly 500,000 books collected for its general-purpose library. However, the USD 1.5 Billion settlement is yet to be approved by the Judge who has asked for clarity regarding issues pertaining to the class action. The Judge has instead postponed a hearing on the matter until 25 September 2025 with a view to approving the settlement by 10 October 2025.

Use of AI in Judiciary: Indian High Court Issues First of its Kind Policy on the Use of AI Tools in the District Judiciary

In July 2025, the Kerala High Court issued India’s first policy on the use of AI in the district judiciary. The policy titled “Policy Regarding Use of Artificial Intelligence Tools in District Judiciary” highlights the need for responsible and restricted use of AI tools. The primary objective of the policy is to ensure that AI tools are solely used as an assistive tool, and under no circumstances are used as a substitute for decision making process or legal reasoning. The policy also mandates strict human supervision, requiring the use of approved AI tools, and auditing of AI usage. The policy covers all members of the Kerala District Judicial system including all employees assisting the District Judiciary in judicial work including all interns and law clerks.

About Khaitan & Co

Khaitan & Co is a top tier and full-service law firm with 1300+ legal professionals, including 300+ leaders and presence in India and Singapore. With more than a century of experience in practicing law, we offer end-to-end legal solutions in diverse practice areas to our clients across the world. We have a team of highly motivated and dynamic professionals delivering outstanding client service and expert legal advice across a wide gamut of sectors and industries.

To know more, visit www.khaitanco.com



Contributors

Anushka Sharda

Partner
Dispute Resolution
anushka.sharda@khaitanco.com

Harsh Walia

Partner
Telecom, Media and Technology
harsh.walia@khaitanco.com

Supratim Chakraborty

Partner
Privacy and Data Protection
supratim.chakraborty@khaitanco.com

Tanu Banerjee

Partner
Technology, Media and Telecom
tanu.banerjee@khaitanco.com

Madhav Khosla

Counsel
Dispute Resolution
madhav.khosla@khaitanco.com

Sourav Dan

Counsel
Intellectual Property
sourav.dan@khaitanco.com

Sumantra Bose

Counsel
Privacy and Data Protection
sumantra.bose@khaitanco.com

Shobhit Chandra

Counsel
Telecom, Media and Technology
shobhit.chandra@khaitanco.com

Siddharth Sonkar

Senior Associate
Corporate & Commercial
siddharth.sonkar@khaitanco.com

Ishika Sinha

Associate
Corporate & Commercial
ishika.sinha@khaitanco.com

Disclaimer:

This document has been created for informational purposes only. Neither Khaitan & Co nor any of its partners, associates or allied professionals shall be liable for any interpretation or accuracy of the information contained herein, including any errors or incompleteness. This document is intended for non-commercial use and for the general consumption of the reader, and should not be considered as legal advice or legal opinion of any form and may not be relied upon by any person for such purpose. It may not be quoted or referred to in any public document, or shown to, or filed with any government authority, agency or other official body.

