
Privacy Digest



AZURE DATA PROTECTION CONSULTANTS LLP

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Your Privacy Digest is filled with the latest developments in the field of privacy and data protection across the globe

PRIVACY DIGEST



GLOBAL DEVELOPMENTS AT A GLANCE

In this edition of our newsletter, we highlight significant developments in AI regulation and innovation worldwide. The UK government has launched a consultation on AI and copyright, proposing reforms to balance content control with AI developers' data access. A €1.5 billion fund in the EU has been approved to establish AI factories across Europe, aiming to accelerate AI research and adoption. The White House has approved an update to the HIPAA Security Rule to address growing cybersecurity threats in healthcare. At the same time, South Korea has passed the South Korea AI Act to foster innovation and trust in AI.



ASIA PRIVACY UPDATES

PDPC to Update Guidelines Following Government's Decision to End NRIC Number Masking

The Personal Data Protection Commission (PDPC) in Singapore will update its guidelines on National Registration Identity Card (NRIC) numbers to align with the government's new policy intent to stop masking NRIC numbers, following public concerns over privacy issues with the Bizfile portal displaying personal details. While the current guidelines remain valid, PDPC emphasized that NRIC numbers should not be used as passwords or for authentication, as they are not secret identifiers. Public consultations will inform future updates, with the Ministry of Digital Development and Information (MDDI) planning public education efforts in 2025 on the proper use and protection of NRIC numbers.



MAS Issues AI Model Risk Management Guidelines for Financial Institutions

The Monetary Authority of Singapore (MAS) released its AI Model Risk Management Paper (AI MRM Paper) on December 5, 2024, offering guidance to financial institutions (FIs) on managing risks associated with AI, particularly Generative AI. Highlighting regulatory, operational, financial, and reputational risks, such as non-compliance penalties, automation errors, inaccurate predictions, and unethical decisions. The paper outlines best practices for responsible AI adoption. While non-binding, the recommendations aim to help FIs mitigate risks and align AI use with ethical and regulatory standards.



Vietnam Enacts Comprehensive Data Law to Regulate Digital Data Activities

On November 30, 2024, Vietnam's National Assembly approved the country's first-ever Data Law, set to take effect on July 1, 2025. Distinct from the draft Personal Data Protection Law, the Data Law has a broader scope, encompassing digital data management, cross-border data transfers, the National Data Center, and data-related rights and obligations. The legislation aims to establish a framework for data exchange and foster a data market to support digital transformation. Key provisions include protections for cross-border data activities, guidelines for the development of a National Data Center under the Ministry of Public Security, and the promotion of data services and products to streamline governance and encourage economic growth.





SEBI Releases New Guidelines for Capacity Planning and Real-Time Performance Monitoring of Market Infrastructure Institutions

On December 10, 2024, SEBI issued revised guidelines for capacity planning and real-time performance monitoring of Market Infrastructure Institutions (MIIs), including Stock Exchanges, Clearing Corporations, and Depositories. The guidelines emphasize proactive capacity planning, ensuring systems can handle increased transaction volumes, conducting regular stress tests, and implementing automated monitoring and alerts for performance issues. MIIs must maintain system capacity at least 1.5 times the projected peak load and set utilization thresholds. The guidelines aim to enhance infrastructure scalability and service availability, with MIIs required to submit their revised plans within three months.



EU PRIVACY UPDATES

UK Proposes AI-Copyright Reforms to Balance Content Control and Innovation

The UK government has launched a consultation on AI and copyright, proposing reforms to balance rights holders' control over content with AI developers' lawful data access. Key proposals include a "rights reservation" mechanism for licensing content for AI training, a new data mining exception for developers, and transparency requirements for disclosing training data sources. Practical enforcement solutions, like "robots.txt" files and metadata, are also explored. Seen as a model for other common law nations, the consultation could set a precedent for evolving copyright laws into systems that enable creators to earn royalties while addressing AI industry needs.



EDPB Issues Opinion 28/2024 on AI Data Processing and GDPR Compliance

The European Data Protection Board (EDPB) has released Opinion 28/2024, offering critical guidance on AI models' data protection compliance under GDPR. It clarifies the stages of AI development and deployment, emphasizing stricter oversight. Key points include the case-by-case determination of AI model anonymity, limiting the use of legitimate interest as a legal basis without a rigorous balancing test, and enhanced transparency requirements, such as public disclosure and opt-out options. It also warns that AI models trained on unlawfully obtained data may face severe corrective measures, including fines or retraining mandates. This opinion reinforces the need for GDPR adherence throughout the AI lifecycle.



PRIVACY DIGEST



EU Allocates €1.5 Billion for Seven New AI Factories to Advance Innovation

The European Commission has approved a €1.5 billion fund to establish or upgrade seven AI factories across Europe, aiming to bolster AI research and adoption. These facilities will deploy advanced supercomputers, general-purpose AI models, and programming hubs to support small businesses and academics. AI factories will serve as centers for developing, testing, and refining AI algorithms, with applications ranging from generative AI systems to industrial automation. Expected to launch by 2025, the initiative is part of the EU's vision to transform Europe into a global "AI continent" by the end of the decade.



UK Proposes Data Use and Access Bill to Modernize Data Protection and AI Regulations

The UK government has introduced the Data Use and Access Bill, aiming to update data processing, automated decision-making technology, and international data transfers under the UK General Data Protection Regulation (GDPR). This is the third attempt at data reform in three years, with feedback from the UK Information Commissioner's Office (ICO) being incorporated. The bill seeks to balance innovation in AI with robust privacy protections, particularly in sensitive data usage for research and AI. It also proposes enhanced enforcement powers for the ICO to improve data breach reporting and organizational compliance. The bill's approval is expected to strengthen the UK's data protection standards ahead of the European Commission's review in 2025.



Luxembourg Introduces AI Act Implementation Law, Leveraging Existing Regulators

Luxembourg has unveiled its AI Act implementation law, assigning the National Commission for Data Protection (CNPD) as the default regulator while granting sector-specific oversight to existing authorities like the CSSF for financial AI and ALIA for media and deepfakes. This pragmatic approach avoids creating new bodies, aligning with Luxembourg's history of influencing EU regulation through smart early implementation. With penalties matching the EU Act's 7% global revenue cap but SME-friendly provisions, the law includes a regulatory sandbox set for August 2026. Early enforcement is expected in the financial sector, with CSSF likely leading, supported by ECB collaboration. The framework raises questions about its potential to become a de facto EU standard for financial AI oversight and whether other nations will replicate Luxembourg's reliance on established regulators.





US PRIVACY UPDATES

Illinois Supreme Court's New AI Policy Sparks Transparency Concerns

The Illinois Supreme Court has adopted a lenient AI policy effective January 1, 2025, raising concerns over transparency and responsible AI use in legal proceedings. The policy permits the use of AI by judges, attorneys, and court staff without requiring disclosure in pleadings, provided it complies with legal and ethical standards. Critics argue this undermines fundamental rights and transparency, neglecting global principles like the OECD AI guidelines and the EU AI Act's transparency requirements. With potential influence on other jurisdictions, the policy's lack of accountability and clarity may set a troubling precedent for AI use in legal systems.



U.S. House AI Task Force Unveils Blueprint for AI Governance

The U.S. House of Representatives AI Task Force has published a comprehensive report detailing principles, findings, and recommendations to guide AI policy. Emphasizing innovation, risk mitigation, and human-centered governance, the report identifies six key privacy harms and urges Congress to adopt technology-neutral, adaptable privacy laws. It also highlights the importance of privacy-enhancing technologies and public datasets to ensure ethical AI development. This blueprint aims to shape legislative and national strategies for navigating AI's transformative societal impact.



Brazilian Senate Passes Landmark AI Regulation Bill, Moves to Chamber of Deputies

On December 10, 2024, the Brazilian Senate approved a comprehensive bill to regulate artificial intelligence (AI), marking a significant step toward balancing technological innovation with individual rights and societal values. The framework, overseen by the National Data Protection Authority (ANPD), categorizes AI systems by risk, imposes strict compliance measures on high-risk systems, and mandates transparency, accountability, and human oversight for developers and deployers. It also establishes protections against bias, safeguards intellectual property, and ensures individual rights to contest AI-driven decisions. Violations could result in fines up to BRL 50 million. Now headed to the Chamber of Deputies for review, the legislation positions Brazil as a global leader in ethical AI governance.





White House Approves HIPAA Security Rule Update to Address Healthcare Cyber Threats

The White House has cleared a proposed update to the HIPAA Security Rule, aimed at enhancing cybersecurity for healthcare organizations amid increasing cyberattacks targeting sensitive patient data. The U.S. Department of Health and Human Services (HHS) plans to mandate encryption of healthcare data, regular compliance checks, and updated cybersecurity measures, addressing longstanding security gaps. This update comes in response to major breaches, including attacks on Ascension and UnitedHealth, and is expected to cost \$9 billion in the first year of implementation. The new rules aim to safeguard critical infrastructure and improve patient safety.



AI UPDATES

South Korea Passes AI Act to Foster Innovation and Trust

South Korea's National Assembly has passed the Basic Act on the Development of Artificial Intelligence and the Establishment of Trust (SK AI Act), effective January 2026, marking a strategic blueprint rather than a substantive regulatory framework akin to the EU AI Act (EUAIA). While both adopt a risk-based approach, the SK AI Act emphasizes innovation, assigning initiatives to the Ministry of Science and ICT, in contrast to the EUAIA's stringent product liability framework and distributed enforcement across member states. Operatively, South Korea's law regulates "high-impact AI systems" without banning "prohibited systems" and focuses on AI applications rather than general-purpose AI models. Its provisions for transparency obligations in generative AI align somewhat with the EUAIA but lack the latter's comprehensive governance over AI providers and deployers, combining these roles under the term "AI business operator." Extraterritorial applicability also differs, with SKAIA broadly covering acts abroad that "affect" South Korea's market, a threshold yet to be clarified. Penalties are notably lighter, with flat fines up to ₩30M (~USD 20K) and imprisonment for confidentiality breaches, unlike the EUAIA's turnover-based fines scaling to 7%. While less nuanced and narrower in regulation, the SK AI Act introduces broader market applicability and underscores South Korea's focus on fostering a robust AI ecosystem, including standards for AI technology and training data, which could hint at future AI model regulation.





Australia Unveils Ambitious AI Capability Plan to Boost Economy by 2030

Australia has announced a national AI strategy aimed at driving economic growth, creating jobs, and enhancing sovereign AI capabilities, targeting a \$600 billion GDP boost by 2030. Slated for release in late 2025, the plan will focus on AI investment, skills development, and infrastructure, leveraging strengths in sectors like agriculture and renewable energy. With a commitment to public consultation and \$1.5 billion already allocated to critical technologies, the government emphasizes reskilling workers and supporting SMEs through AI adoption centers, despite industry calls for faster implementation to seize AI's transformative opportunities.



Australia Considers Social Media Ban for Users Under 16 Amid Privacy Concerns

The Australian government is moving forward with the Online Safety Amendment (Social Media Minimum Age) Bill 2024, which mandates that social media platforms enforce a minimum age of 16 for users. The bill requires platforms to take reasonable steps to verify the age of users, raising concerns among privacy professionals regarding the implementation of age verification technologies and potential privacy risks. Critics argue that the social media ban could introduce significant privacy challenges, particularly in terms of the data collection required to verify users' ages, while supporters see it as a necessary step for protecting children online. The debate continues over how to balance privacy rights with online safety.





FINES AND PENALTIES

Italian DPA Fines OpenAI €15 Million for GDPR Violations Following EDPB

Opinion

The Italian Data Protection Authority has imposed a €15 million fine on OpenAI, citing GDPR violations related to transparency, legal basis for data processing, and lack of age verification for ChatGPT users. This action underscores the importance of adhering to robust data protection standards in AI operations, including notifying authorities of breaches, ensuring transparency about data usage, and implementing age-appropriate safeguards. Companies must prioritize compliance with GDPR principles to avoid significant penalties and reputational risks.



Canadian News Media Companies Sue OpenAI for Copyright Infringement and Terms of Use Breaches

Canadian news media companies have filed a lawsuit against OpenAI, alleging copyright infringement, circumvention of technological protection measures, breach of website terms of use, and unjust enrichment. They claim OpenAI scraped protected content from their websites, bypassing exclusion protocols like robots.txt and subscription-based restrictions, to use in training its GPT models and commercial services. The lawsuit emphasizes that OpenAI violated terms prohibiting non-personal, commercial use of their content, potentially sidestepping fair use defenses. This legal action, part of a growing wave of AI copyright disputes, underscores the tension between AI innovation and intellectual property rights in Canada.



CCI Imposes ₹213.14 Crore Fine on Meta Over WhatsApp Privacy Policy

The Competition Commission of India (CCI) has fined Meta ₹213.14 crore for abusing its dominant position through WhatsApp's 2021 Privacy Policy, which mandated data sharing with Meta companies without user opt-out options. This "take-it-or-leave-it" approach was deemed unfair, violating user autonomy and creating barriers for competition in the online display advertising market. The CCI directed Meta and WhatsApp to cease data sharing for advertising purposes for five years, provide users with opt-out options for non-essential data sharing, and ensure transparency in future updates to protect user rights and promote fair competition.





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