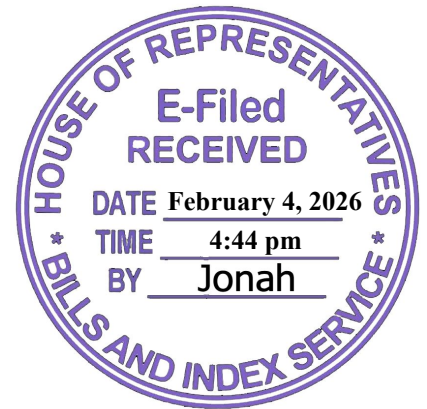


TWENTIETH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session*



**HOUSE OF REPRESENTATIVES**  
**HOUSE BILL NO. 7627**

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Introduced by **REPRESENTATIVE MA. NINA FRANCESCA P. LACSON**

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**EXPLANATORY NOTE**

Artificial Intelligence (AI) has become a defining tool that shapes economies, governance, and everyday life. Originally developed in the mid-20th century to simulate human intelligence, AI has evolved into a transformative tool that now disrupts industries such as healthcare, finance, transportation, manufacturing, and education. Its capacity to perform human-like reasoning, decision-making, and problem-solving has made it indispensable in driving innovation, efficiency, and competitiveness.

However, the rapid integration of AI technologies into social and economic systems has given rise to critical challenges, particularly concerning data privacy, accountability, transparency, and human rights. While AI offers opportunities for productivity and growth, it also presents potential risks that must be addressed through a robust legislative framework. Currently, most countries, including technologically advanced nations such as the United States, China, and Japan, do not have comprehensive AI-specific legislation. Instead, they rely primarily on guidelines or regulatory principles to guide responsible use.

This bill seeks to establish a comprehensive and future-ready Artificial Intelligence Regulation Act, designed to ensure the ethical, secure, and transparent deployment of AI systems in the country. Its key objectives are:

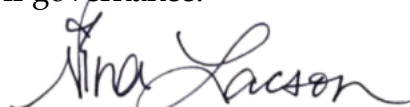
1. To prevent the use of high-risk AI systems that threaten safety, livelihoods, and fundamental rights of individuals.

2. To align AI deployment with existing privacy and data protection laws, ensuring that personal data used by AI systems is processed lawfully and with user consent.
3. To promote user transparency, requiring disclosure when individuals interact with AI systems and when their data influences automated decisions.
4. To mandate privacy and data protection safeguards, including privacy impact assessments, data minimization, purpose limitation, and accuracy maintenance.
5. To prohibit certain AI applications, such as those exploiting vulnerable groups, causing health and safety risks, or producing sensitive personal data without consent.
6. To regulate the use of biometric identification systems and prevent the misuse of generative AI that outputs personal or sensitive information.

Furthermore, the bill integrates a policy framework for the protection of minors in the context of AI. This includes awareness campaigns for parents, corporate accountability in handling children’s data, the inclusion of children’s rights in national AI strategies, and safety-by-design principles for technologies accessible to minors. These provisions aim to safeguard children from digital exploitation and ensure their rights are respected in AI-driven environments.

The measure also promotes a multi-disciplinary and inclusive approach to AI governance, encouraging consultation with civil society, academia, and industry stakeholders to anticipate and mitigate the societal impacts of emerging AI technologies.

In sum, the enactment of this bill will serve as a vital step toward ensuring that the country harnesses the potential of Artificial Intelligence responsibly – balancing innovation and human welfare, fostering trust in technological systems, and positioning the nation as a leader in ethical and sustainable AI governance.



**MA. NINA FRANCESCA P. LACSON**  
**Manila Teachers Party-list**

TWENTIETH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
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**HOUSE OF REPRESENTATIVES**  
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Introduced by **REPRESENTATIVE MA. NINA FRANCESCA P. LACSON**

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AN ACT

INSTITUTING THE NATIONAL ARTIFICIAL INTELLIGENCE CODE OF THE PHILIPPINES, CREATING THE BUREAU OF ARTIFICIAL INTELLIGENCE SYSTEMS UNDER THE DEPARTMENT OF INFORMATION AND COMMUNICATIONS TECHNOLOGY, AND ESTABLISHING A COMPREHENSIVE FRAMEWORK FOR THE SAFE, ETHICAL, AND INCLUSIVE GOVERNANCE OF ARTIFICIAL INTELLIGENCE SYSTEMS IN THE COUNTRY, AND FOR OTHER PURPOSES

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

SECTION 1. Short Title. - This Act shall be known as the "National Artificial Intelligence Code of the Philippines."

**CHAPTER I**  
**General Provisions**

SEC. 2. Declaration of Policy. - It is the policy of the State to promote the ethical, secure, and inclusive development and deployment of Artificial Intelligence (AI) in a manner that strengthens national innovation, protects fundamental rights, preserves human dignity, and advances the public good. The State shall ensure that AI technologies deployed in the Philippines are human-centric, trustworthy, accountable, and aligned with constitutional and democratic principles.

The State shall ensure that an appropriate legal basis is established for the processing of personal data by AI systems, in full alignment with applicable privacy laws.

The State shall guarantee user transparency. Individuals or users shall be informed when they are interacting with an AI system, unless such interaction is clearly evident

from the context and circumstances. Individuals or users shall likewise be notified whenever their personal data will be processed by such a system.

Where an AI system utilizes personal data for decision-making, the State shall ensure that the user is informed of the logic involved in such decision-making. Privacy risk assessments shall be conducted prior to the implementation of AI systems, and commensurate data security measures shall be adopted in accordance with the level of risk posed to individuals.

The principles of data minimization and purpose limitation shall be strictly observed, and data accuracy shall be ensured at all times. Certain AI systems shall not be permitted to process personal data or generate results where such processing poses high risks to individuals, particularly systems that exploit specific groups or endanger health and safety.

The use of real-time biometric identification systems, as well as the processing of other sensitive personal data, shall be undertaken only with extreme caution and in compliance with applicable data protection requirements. In the case of generative AI systems, safeguards must ensure that outputs do not reveal or provide personal or sensitive personal data of individuals in response to queries.

Finally, AI policy shall include clear guidelines for the protection of minors, ensuring that all AI systems are designed and deployed in a manner that upholds the rights, safety, and welfare of children.

SEC. 3. Scope and Coverage. - This Code shall apply to the research, development, deployment, use, importation, sale, and regulation of Artificial Intelligence systems across all sectors within the jurisdiction of the Republic of the Philippines. It shall govern both public and private entities engaged in AI-related activities and all AI systems used in Philippine territory, including those affecting Philippine citizens through cross-border digital platforms.

SEC. 4. Definition of Terms. - For the purpose of this Act, the following terms are defined:

(a) Artificial Intelligence (AI) refers to any artificial or engineered system, whether embodied in hardware, software, or integrated into digital platforms, that is designed to solve tasks requiring human-like perception, cognition, planning, learning, communication, or physical action, with varying levels of autonomy.

(b) AI System means a machine-based system that, for explicit or implicit objectives, processes data to generate outputs, such as predictions, classifications, recommendations, or decisions which influence environments or individuals.

(c) High-risk AI System refers to an AI system that, by virtue of its function, deployment context, or scope, poses a significant risk to the rights, safety, security, or welfare of individuals or the public, as classified under Section 15 of this Act.

(d) Autonomous AI System means an AI system that, once activated, can operate independently of real-time human control or continuous supervision, and can alter its behavior within a bounded scope.

(e) Training Data refers to any data set used to train or fine-tune an AI model, whether labeled or unlabeled, structured or unstructured, synthetic or real.

(f) Model means a mathematical or computational representation, trained on data, that enables an AI system to generate outputs based on input patterns.

(g) Foundation Model refers to a large-scale AI model trained on broad data sets and designed to be adaptable for multiple downstream tasks, including through fine-tuning or prompting.

(h) Generative AI refers to any AI system that can autonomously produce content such as text, images, video, audio, code, or synthetic data, intended to resemble or simulate human-generated outputs.

(i) Algorithmic transparency refers to the degree to which the logic, structure, assumptions, data inputs, and decision pathways of an AI system can be meaningfully explained to regulators, affected persons, or external auditors.

(j) Human oversight means the presence of operational procedures and technical mechanisms allowing humans to understand, intervene in, suspend, or override an AI system's behavior where necessary for safety, legality, or accountability.

(k) Deployment means the act of making an AI system operational in any setting where its outputs may affect real-world outcomes, users, or decisions, whether directly or through integration into products, services, or government functions.

(l) BAIS refers to the Bureau of Artificial Intelligence Systems created under Section 6 of this Act, which shall serve as the central regulatory, administrative, and enforcement body for AI governance in the Philippines.

(m) IACU refers to an Internal AI Compliance Unit established within a public or regulated private institution pursuant to Section 12 of this Act, tasked with ensuring internal adherence to this Code and its implementing rules.

(n) Code of AI Regulations (CAIR) refers to the official compendium of rules, procedures, templates, technical standards, and interpretive guidance issued by the BAIS pursuant to this Code.

(o) Regulatory Sandbox refers to a supervised and time-bound environment authorized by the BAIS in which an AI system may be deployed with conditional exemptions for the purpose of testing, research, or controlled innovation.

(p) Explainability refers to the property of an AI system by which a human can understand and articulate the basis of a particular output or behavior of the system, including how input data contributed to the result.

(q) Social scoring means the practice of evaluating or ranking individuals based on aggregated personal data, behaviors, or reputational metrics, typically used to assign access to services or benefits.

(r) Synthetic content refers to media or text generated or altered by AI that simulates the appearance, voice, writing style, likeness, or other attributes of a real or fictional person, object, or source.

(s) Incident report means a formal submission required under this Code describing an adverse event, failure, or harmful impact involving an AI system, including technical logs and mitigation measures taken.

(t) Profiling means the automated processing of personal data to evaluate, analyze, or predict aspects of an individual's behavior, preferences, or characteristics.

(u) Public-sector AI refers to any AI system developed, procured, operated, or used by government agencies, including for administrative, operational, policy, or enforcement purposes.

(v) Adverse algorithmic outcome refers to any materially harmful result or decision generated by an AI system that affects an individual's rights, access to services, employment, education, liberty, or safety.

(w) Digital dignity means the principle that individuals interacting with AI systems shall retain their sense of self-worth, agency, and human status, and shall not be treated solely as data points or optimization targets.

(x) Bias testing refers to a systematic evaluation of an AI model to uncover, quantify, and correct discriminatory behavior across sensitive features such as gender, race, income, location, or age.

## CHAPTER II

### Bill of Rights in Artificial Intelligence and Governance

SEC. 5. Bill of Rights in Artificial Intelligence. – In recognition of the transformative impact of Artificial Intelligence on human life, work, and society, and in order to preserve human dignity, democratic accountability, and the public good, the State affirms the following rights of all persons within its jurisdiction in relation to the design, deployment, and use of Artificial Intelligence systems:

- (a) All persons shall have the right to meaningful human oversight in decisions that affect their rights, freedoms, opportunities, or safety. No AI system shall have final authority over such decisions without a mechanism for human review, correction, or override.
- (b) All persons shall have the right to know when they are subject to decisions, services, or interactions driven by AI. Such systems must be explainable in clear, accessible terms, including their purpose, logic, and impact.
- (c) All persons shall be protected from algorithmic discrimination, profiling, coercion, or surveillance that infringes upon their dignity, privacy, or equal treatment under the law.
- (d) All persons shall retain meaningful control over their personal data used in AI systems, including the right to access, correct, delete, or object to its use, consistent with law. AI systems must be designed to minimize data collection and preserve contextual integrity.
- (e) All persons shall be protected from unsafe or malfunctioning AI systems. High-risk AI systems shall be subject to pre-deployment review, documentation, and ongoing accountability by a clearly identified institutional actor.

- (f) All persons adversely affected by an AI system shall have the right to seek redress, including prompt human consideration, correction of harmful outcomes, and access to legal remedies under this Code and other applicable laws. Any person affected by a decision, recommendation, classification, or denial made primarily by an AI system shall have the right to request human intervention, review, or override of that decision by a competent and authorized officer.
- (g) The dignity of labor and human capability shall be preserved. Workers displaced or transformed by AI shall be entitled to just transition mechanisms, including retraining, reskilling, and employment protections.
- (h) Citizens shall have the right to be consulted on AI policies that affect public life, and to access information, institutions, and processes that govern the design and deployment of AI technologies.

Nothing in this Title shall be construed to limit or diminish any other right or protection provided by law.

SEC. 6. Creation of the Bureau of Artificial Intelligence Systems (BAIS). – There is hereby created a Bureau of Artificial Intelligence Systems (BAIS) under the Department of Information and Communications Technology (DICT). The BAIS shall serve as the national regulatory, technical, investigatory, and administrative body on matters relating to the governance of Artificial Intelligence systems in the Philippines.

The BAIS shall operate under the direct supervision and control of the Secretary of Information and Communications Technology, who shall exercise authority over its strategic direction, regulatory priorities, and administrative oversight. All decisions, issuances, and enforcement actions of the BAIS shall be subject to the policy guidance and institutional coordination of the DICT.

The DICT shall ensure that the BAIS is fully resourced, staffed, and integrated into the Department's digital governance infrastructure. It shall exercise final authority in resolving jurisdictional questions involving the BAIS and other DICT bureaus, and may issue supplemental orders to ensure the coherence of national digital policy.

SEC. 7. Mandate and Powers of the Bureau. – The BAIS shall have the following powers and functions:

- (a) Formulate and enforce rules, standards, protocols, and technical requirements for the registration, use, and development of AI systems;

- (b) Classify AI systems according to levels of risk and sensitivity, and determine which systems shall be deemed high-risk for the purposes of this Code;
- (c) Maintain the National Registry of Artificial Intelligence Systems and require all deployers of AI systems to comply with registration requirements;
- (d) Conduct pre-deployment reviews, risk assessments, and post-deployment audits of high-risk AI systems;
- (e) Issue permits and licenses for the launch, operation, or deployment of AI systems, subject to compliance with this Code and its implementing rules and regulations;
- (f) Issue orders to suspend, prohibit, or modify the deployment of AI systems that pose a significant threat to safety, rights, or national security;
- (g) Exercise visitorial powers and conduct compliance inspections of public and private entities subject to this Code;
- (h) Refer violations of this Code to the Department of Justice and the appropriate law enforcement or regulatory agencies;
- (i) Issue binding advisory opinions;
- (j) Establish and maintain the Code of Artificial Intelligence Regulations (CAIR), which shall compile all technical rules, standards, and administrative issuances under this Act;
- (k) Promote the development of domestic AI expertise and systems in accordance with ethical and human-centered standards; and
- (l) Perform all other functions necessary to implement the provisions of this Code.

SEC. 8. Organizational Structure of the Bureau. – The BAIS shall be headed by a Director, who shall be appointed by the President of the Philippines.

The Bureau shall be composed of at least the following divisions:

- (a) **Standards and Safety Division** – Responsible for risk classification of AI systems, pre-deployment and post-deployment audits, and certification of compliance;
- (b) **Ethics and Oversight Division** – Responsible for enforcing ethical safeguards, ensuring human oversight, and maintaining fallback mechanisms in high-risk systems;
- (c) **Compliance and Sectoral Integration Division** – Responsible for coordinating with public agencies, regulated sectors, and private entities to ensure alignment with this Code;
- (d) **Infrastructure and Research Division** – Responsible for developing national AI talent, maintaining open-source resources, and administering regulatory sandbox environments; and
- (e) **Investigations and Enforcement Division** – Responsible for investigating violations, issuing subpoenas, and recommending administrative or legal sanctions.

SEC. 9. Rule-Making and the Code of AI Regulations (CAIR). – The BAIS shall promulgate rules, regulations, and technical standards to implement this Code. These shall be compiled into a unified compendium known as the Code of Artificial Intelligence Regulations (CAIR), which shall be made publicly available and updated regularly. The CAIR shall serve as the exclusive repository of all enforceable regulatory issuances relating to AI.

SEC. 10. Consultation and Publication. – The BAIS shall ensure that all proposed regulations undergo public notice and consultation for not less than fifteen (15) calendar days. All rules shall be published in the Official Gazette or a newspaper of general circulation and posted online through the DICT portal.

SEC. 11. Internal AI Compliance Units (IACUs). – All public agencies, government-owned or -controlled corporations, and regulated private entities that develop or deploy AI systems shall establish Internal AI Compliance Units (IACUs). These units shall be responsible for internal monitoring, documentation, and coordination with the BAIS. The Bureau may deputize such units to conduct self-audits, submit technical reports, or enforce immediate suspension of unsafe AI use.

SEC. 12. Annual Report to Congress. – The BAIS shall submit an annual report to Congress thru the Committee on Information and Communications Technology of the

House of Representatives and thru the Committee on Public Information and Media, detailing:

- (a) the status of AI deployment in the Philippines,
- (b) the number and nature of high-risk AI systems registered,
- (c) actions taken in enforcement and compliance, and
- (d) emerging trends and recommendations for policy or legislative action.

### **CHAPTER III**

#### **Ethical and Legal Standards for Artificial Intelligence Systems**

SEC. 13. Principles of Ethical AI. - All Artificial Intelligence systems developed, deployed, imported, or used in the Philippines shall adhere to the following core principles:

- (a) AI systems shall be designed to respect the inherent dignity, autonomy, and rights of all persons.
- (b) AI systems shall not result in unjust or disproportionate discrimination based on race, gender, class, ethnicity, religion, political beliefs, or other protected characteristics.
- (c) AI systems shall comply with the Data Privacy Act of 2012 and other applicable laws on personal data, and shall minimize unnecessary data collection.
- (d) AI systems shall be developed and tested to ensure their robustness against errors, attacks, or unintended consequences.
- (e) AI systems shall be scrutinized, controlled and regulated in a manner commensurate to its level of risk and potential harm.

SEC. 14. High-Risk AI Systems. - The BAIS shall classify certain AI systems as high-risk based on the following factors:

- (a) Potential to affect fundamental rights or liberties;
- (b) Use in critical sectors such as health, finance, education, security, law enforcement, or government decision-making;

- (c) Degree of autonomy and lack of meaningful human oversight;
- (d) Use for profiling, biometric identification, surveillance, or predictive policing;  
and
- (e) Scale and scope of deployment affecting large populations or essential services.

High-risk AI systems shall be subject to pre-deployment review, mandatory registration, risk mitigation requirements, and continuous audit under this Code.

SEC. 15. Disclosure Obligations. – Any entity deploying an artificial intelligence (AI) system shall be under obligation to disclose, in a clear, conspicuous, and timely manner, the following information:

- (a) The interaction, service, or process involves the use of an AI system;
- (b) The general purpose, scope, or intended function of the AI system;
- (c) Whether and to what extent the AI system is capable of making or contributing to automated decisions that may affect the rights, interests, or obligations of individuals;  
and
- (d) The accessible channels or mechanisms available for appeal, redress, correction, or human review of such automated decisions.

SEC. 16. Consent and Data Ethics. – No AI system shall be trained, tested, or deployed using personal data obtained without informed consent or lawful basis. Data used in AI systems shall be relevant, accurate, and, where possible, anonymized. Individuals shall retain rights over their personal data in accordance with applicable law.

SEC. 17. Transparency Requirements. – High-risk AI systems shall be accompanied by the following documentation, subject to BAIS audit:

- (a) A description of the model architecture and training dataset;
- (b) Evidence of bias testing and mitigation measures;
- (c) Explanation of decision-making pathways or output generation; and

(d) Records of post-deployment performance monitoring.

SEC. 18. Prohibited Practices. – The following uses of AI systems are strictly prohibited:

- (a) Use of AI to intentionally deceive, impersonate, or manipulate individuals without clear disclosure, especially in political or financial contexts;
- (b) Deployment of autonomous AI systems in contexts where there is no effective mechanism for human intervention, such as law enforcement use of lethal force; and
- (c) Use of AI to exploit vulnerable populations, including children, persons with disabilities, and the elderly, through manipulative digital behavior or targeting.

#### CHAPTER IV

#### Sector-Specific Rules and Obligations

SEC. 19. AI in Government Services. – Government agencies deploying AI systems for administrative, service delivery, policy implementation, or public interface shall:

- (a) Register such systems with the BAIS prior to deployment;
- (b) Ensure that AI-generated outputs remain subject to human validation and legal accountability;
- (c) Publish a clear statement of the AI system's function, limitations, and appeal mechanisms on official platforms;
- (d) Maintain audit logs and records of automated decisions; and
- (e) Ensure that no AI system shall supplant statutory or constitutional duties of public officials, and that a meaningful human decision-maker remains accountable for all final actions.

The BAIS may exempt internal-use AI tools or sandboxed systems from full compliance, provided risks are minimal and documented.

SEC. 20. AI in Education. – AI systems used in educational institutions shall:

- (a) Reinforce, not replace, the role of human educators;
- (b) Not be used to generate, determine, or decide the official ranking, grading, or profiling of students;
- (c) Provide accessible explanations of AI-driven outputs to students and parents; and
- (d) Be disclosed in all relevant school policies and platforms.

The implementation of this section shall be undertaken by the BAIS in consultation with the Department of Education and the Commission on Higher Education. For experimental AI uses in education, the BAIS may authorize sandbox deployment subject to review.

SEC. 21. AI in Healthcare and Medical Decision-Making. – No AI system shall be deployed for diagnostic, triage, treatment, or prioritization without:

- (a) Review and certification by the Department of Health, in coordination with the BAIS;
- (b) Continuous human oversight by a duly licensed medical professional, with AI outputs deemed purely assistive and non-determinative; and
- (c) Full disclosure to patients about the system's role and limitations.

The BAIS may authorize provisional use of emerging systems under a regulatory sandbox framework for clinical testing, with appropriate safeguards and reporting protocols approved by the Department of Health.

SEC. 22. AI in Finance, Insurance, and Credit Risk Modeling. – Financial institutions using AI for pricing, risk modeling, credit scoring, or policy decisions shall:

- (a) Disclose the use of AI in such decisions to affected clients;
- (b) Conduct and retain bias audits for BAIS review;

- (c) Maintain a process for human intervention, override, or appeal of AI-based denials, with final determinations made by a human officer; and
- (d) Submit high-risk models for registration and classification.

The BAIS may waive specific reporting requirements for low-volume or low-impact AI applications, provided that the institution maintains internal compliance documentation. Provided further, that all AI systems used for pricing, risk modeling, credit scoring, or policy decisions shall be reported and monitored by the appropriate regulatory agencies, i.e., the Bangko Sentral ng Pilipinas for banks and other financial intermediaries, the Securities and Exchange Commission for savings and loan associations, the Insurance Commission for insurance entities, and the Cooperative Development Authority for cooperatives.

SEC. 23. AI in Employment and Human Resources. – Employers using AI in recruitment, evaluation, promotion, or termination must:

- (a) Inform applicants or employees about the use of such systems;
- (b) Conduct fairness assessments and mitigate bias;
- (c) Ensure that no employment decision shall be based solely on AI output, and that all such decisions remain subject to meaningful human review and appeal; and
- (d) Retain relevant AI documentation for inspection.

Microenterprises and SMEs may be subject to simplified compliance standards, to be developed by BAIS in coordination with the Department of Labor and Employment.

SEC. 24. AI in Law Enforcement, Security, and Surveillance. – AI systems used for profiling, surveillance, forensic analysis, or predictive policing shall be considered high-risk and may only be deployed under the following conditions:

- (a) Written authorization from the Secretary of the Interior and Local Government and review by the BAIS;
- (b) Prohibition of indiscriminate, real-time mass surveillance of public spaces, unless specifically authorized by law and subject to judicial oversight;

(c) Real-time human control and intervention over system outputs, with no decision rendered solely by AI; and

(d) Independent post-deployment evaluation.

The BAIS may allow pilot testing of public safety AI systems in a controlled, time-limited regulatory sandbox with municipal consent and clear public notice.

SEC. 25. AI in Critical Infrastructure and Public Utilities. – Operators of critical infrastructure—such as power grids, water services, telecommunications, or mass transport—shall:

(a) Report any AI system affecting operational safety or continuity to the BAIS;

(b) Conduct simulation-based stress tests under BAIS supervision;

(c) Maintain human override capabilities at all decision layers;

(d) Institute multi-layered fail-safe mechanisms and contingency protocols to address malfunction, misuse, or cyberattack; and

(e) Submit AI incident reports following significant service disruptions.

The BAIS, in consultation with relevant regulators, may establish differentiated compliance levels based on the function and criticality of the infrastructure.

SEC. 26. AI in Media, Entertainment, and Content Generation. – Entities using AI to generate, curate, or manipulate content for public dissemination shall:

(a) Clearly disclose AI-generated content through visible notices;

(b) Label all political, journalistic, or commercial material that involves synthetic or altered output;

(c) Prohibit impersonation of public figures or real individuals without their prior consent; and

(d) Implement internal controls to prevent the spread of AI-generated disinformation.

The BAIS may provide model disclosure templates and standards, and shall allow sandbox testing for AI-driven creative tools that are not deployed at public scale.

SEC. 27. AI in Creative Industries. - SEC. 27. AI in Creative Industries. - Persons developing or deploying artificial intelligence systems within creative industries, including but not limited to architecture, film, music, visual arts, literature, gaming, advertising, and design, shall:

(a) Ensure that AI systems are trained, prompted, and deployed in a manner that does not unlawfully reproduce, derive from, or substitute protected works without authorization;

(b) Disclose where AI systems materially contribute to the creation, modification, or performance of creative work;

(c) Maintain transparency in deployment of AI-generated creative outputs; and

(e) Establish internal governance, documentation, and review processes to prevent misuse, unauthorized replication, or deceptive representation of AI-generated creative content.

The BAIS may issue guidelines and technical standards specific to AI applications in creative industries, including voluntary certification schemes and controlled pilot or sandbox programs for experimental creative technologies.

SEC. 28. Adaptive Governance. - The provisions of this Act shall be subject to periodic review and refinement to account for the emergence of new technologies or applications.

The BAIS, in coordination with relevant public and private stakeholders, is authorized to recommend updates and issue supplemental rules, and administrative guidance to ensure that this Act remains effective.

## CHAPTER V

### Offenses, Penalties, and Remedies

SEC. 29. General Liability Framework. – Any person, entity, or institution that violates the provisions of this Code, whether by act or omission, shall be liable under civil, administrative, or criminal law, depending on the nature and gravity of the violation.

In determining penalties, the following shall be taken into account:

- (a) The level of autonomy and risk involved in the AI system;
- (b) Whether the violation was willful, reckless, negligent, or in good faith;
- (c) The extent of harm or rights infringement caused;
- (d) The presence or absence of prior compliance efforts; and
- (e) Whether corrective action was taken promptly upon notice.

SEC. 30. Unauthorized Deployment of High-Risk AI. – The deployment of any high-risk AI system without prior registration, pre-deployment review, or mandatory documentation shall be subject to:

- (a) An administrative fine not exceeding Five Million Pesos (P5,000,000) per violation;
- (b) Immediate suspension or prohibition of system use by order of the BAIS; and
- (c) Mandatory corrective filing within thirty (30) days.

The BAIS may allow first-time violators to remedy noncompliance within a grace period, provided no substantial harm has occurred.

SEC. 31. Failure to Disclose AI Use. – Failure to disclose the use of AI in contexts where this Code or the Code of AI Regulations requires notification shall be subject to:

- (a) An administrative fine of up to Two Million Pesos (P2,000,000);
- (b) Mandatory issuance of disclosure or public notice within fifteen (15) days; and
- (c) Public posting of an errata statement or audit result, where applicable.

SEC. 32. Deployment of Prohibited AI Practices. – The development or deployment of AI systems for the following prohibited purposes shall constitute a criminal offense:

- (a) Unauthorized biometric surveillance or profiling of the general public;
- (b) Deepfake impersonation of public officials or real individuals without consent; and
- (c) Use of AI for deceptive political or financial manipulation.

Violators shall be punished by imprisonment of not less than six (6) months nor more than six (6) years, or a fine of not more than Two Million Pesos (P2,000,000), or both, without prejudice to prosecution under other applicable laws.

SEC. 33. Corporate and Institutional Liability. – If a violation is committed by a juridical person, such as a corporation, partnership, association, university, or public agency, the following shall be jointly and severally liable:

- (a) The entity itself;
- (b) The officer or employee who authorized, directed, or allowed the violation; and
- (c) The compliance officer who failed to report or prevent the violation, if gross negligence is established.

SEC. 34. Civil Remedies. – Any person whose rights were infringed upon as a result of unlawful AI deployment or use may file an action for:

- (a) Injunctive relief;
- (b) Actual, moral, or exemplary damages;
- (c) Correction or deletion of personal data; and
- (d) Public retraction, if warranted.

SEC. 35. Administrative Sanctions. – In addition to fines, the BAIS may impose any of the following:

- (a) Blacklisting from government procurement or partnership;
- (b) Public disclosure of non-compliant entities;
- (c) Revocation of deployment licenses or certifications; and
- (d) Mandatory third-party audits for a defined compliance period.

SEC. 36. Safe Harbor Protections. – Individuals who report violations of this Code in good faith shall be protected from retaliation. Likewise, entities that self-report noncompliance and act to promptly correct the same may, at the discretion of the BAIS, be granted mitigation of penalties or exemption from prosecution.

## CHAPTER VI

### Innovation, Public Infrastructure, and National Capacity

SEC. 37. National AI Infrastructure. – The Department of Information and Communications Technology, through the Bureau of Artificial Intelligence Systems, shall establish and maintain shared national infrastructure to support the ethical and inclusive development of AI technologies. This shall include:

- (a) Public computing facilities accessible to accredited academic and research institutions;
- (b) National datasets and data commons with appropriate anonymization protocols;
- (c) Version-controlled libraries of open-source AI models and codebases; and
- (d) Secure environments for privacy-preserving data sharing and experimentation.

SEC. 38. Regulatory Sandbox Programs. – The BAIS shall implement regulatory sandbox programs that allow for time-limited, supervised deployment of AI systems for research, innovation, or emerging applications. The sandbox shall:

- (a) Permit conditional exemptions from specific compliance requirements;
- (b) Be subject to application, review, and publication of key terms;
- (c) Require risk mitigation plans and user transparency; and
- (d) Be time-bound, with mandatory reporting of results and learnings.

SEC. 39. Support for Domestic AI Model Development. – The State shall promote the development of locally built AI systems and language models, particularly those tailored to Philippine languages, cultural contexts, and institutional needs. This shall include:

- (a) Grants and challenge programs to stimulate ethical innovation;
- (b) Preferential research support for projects aligned with public interest goals; and
- (c) Partnerships with academic, private, and international institutions, subject to transparency standards.

SEC. 40. National AI Research and Testing Facilities. – The DICT and the Department of Science and Technology shall coordinate the establishment of National AI Research and Testing Centers to serve as neutral platforms for:

- (a) Model validation and bias testing;
- (b) Benchmarking performance standards;
- (c) Training of public officials and regulatory staff on emerging technologies.

SEC. 41. AI Education and Talent Development. – The Commission on Higher Education, in consultation with the BAIS, shall issue curriculum standards and faculty development programs to promote AI literacy, ethics, and technical skill-building. These shall include:

- (a) Undergraduate and graduate degree tracks in AI and data science;
- (b) Ethical AI modules across technical and non-technical disciplines;
- (c) Scholarships and research fellowships for Filipino AI talent; and
- (d) Training-of-trainers programs to broaden faculty capacity.

SEC. 42. Technology Transfer and Knowledge-Sharing. – The DICT shall issue policies to encourage technology transfer from foreign entities operating AI systems in the Philippines, including:

- (a) Disclosure of model characteristics and documentation;
- (b) Publication of localized performance evaluations; and
- (c) Sharing of best practices, toolkits, and deployment safeguards.

Foreign AI providers that do not meet minimum transparency thresholds shall be barred from certain public sector contracts or sandbox participation.

SEC. 43. AI Safety Research Fund. – There is hereby created an AI Safety Research Fund, to be administered by the BAIS and funded through annual General Appropriations. The fund shall support:

- (a) Independent safety and bias evaluations;
- (b) Grants for red-teaming and adversarial testing of AI systems;
- (c) Academic and policy research on long-term risks and safeguards; and
- (d) Development of AI safety benchmarks for national adoption.

## CHAPTER VII

### Roles of National Government Agencies

SEC. 44. Role of the Department of Information and Communications Technology. – The Department of Information and Communications Technology (DICT) shall serve as the principal agency responsible for the implementation of this Act. Through the Bureau of Artificial Intelligence Systems (BAIS), the DICT shall exercise regulatory, administrative, investigatory, and enforcement functions over Artificial Intelligence systems in the Philippines as provided in Title II of this Code.

SEC. 45. Role of the Department of Science and Technology. – The Department of Science and Technology (DOST) shall support the implementation of this Act by working with the DICT and the BAIS in establishing National AI Research and Testing Centers. It shall provide funding, technical support, and laboratory infrastructure for AI-related scientific research and model development especially in areas such as health, agriculture, climate, and disaster risk reduction. It shall facilitate technology transfer and help build local innovation ecosystems for AI applications. It shall also assist in creating science-based metrics for evaluating AI performance, detecting bias, and ensuring safety.

SEC. 46. Role of the Commission on Higher Education. – The Commission on Higher Education (CHED) shall ensure that Artificial Intelligence is integrated into relevant higher education curricula. It shall coordinate with the BAIS in setting academic standards for AI-related programs, recognizing faculty and research centers of excellence, and supporting postgraduate research aligned with the goals of this Act.

SEC. 47. Role of the Department of Trade and Industry. – The Department of Trade and Industry (DTI) shall promote responsible adoption of Artificial Intelligence in the private sector. It shall assist micro, small, and medium enterprises in adopting AI technologies and shall promote the development of trustworthy and export-ready AI products. It shall also coordinate with the BAIS in setting sector-specific standards and in supporting companies with compliance and technical guidance.

SEC. 48. Role of the Department of Health. – The Department of Health (DOH) shall ensure that Artificial Intelligence systems used in healthcare are safe, ethical, and well-regulated. It shall approve systems intended for diagnostic, triage, and treatment purposes in coordination with the BAIS and shall monitor post-deployment effects on public health. It shall also take part in any pilot or sandbox programs involving AI in clinical settings.

SEC. 49. Role of the Department of Education. – The Department of Education (DepEd) shall work with the BAIS and CHED to support ethical and effective integration of Artificial Intelligence in basic education. It shall ensure that AI tools used for instruction, grading, or administration do not violate students' rights or compromise

pedagogical integrity. It shall also establish standards that promote transparency, safety, and educational value in school-based AI applications.

SEC. 50. Role of the Department of Labor and Employment. – The Department of Labor and Employment (DOLE) shall monitor the impact of Artificial Intelligence on employment patterns and workplace fairness. It shall work with the BAIS to design compliance standards for AI use in recruitment, evaluation, and termination. It shall also lead programs that equip workers with skills needed to remain competitive in a labor market affected by automation.

SEC. 51. Role of the National Privacy Commission. – The National Privacy Commission (NPC) shall coordinate with the BAIS to ensure that Artificial Intelligence systems comply with the Data Privacy Act of 2012. It shall advise on consent requirements, data minimization practices, and other lawful processing safeguards. It may issue joint guidelines with the BAIS to resolve privacy issues specific to automated processing and algorithmic profiling.

SEC. 52. Role of the Philippine Statistics Authority. – The Philippine Statistics Authority (PSA) shall ensure that public data used in Artificial Intelligence development is statistically sound, representative, and ethically released. It shall coordinate with the BAIS to prepare and release datasets designated for the National Data Commons for AI. It shall support government agencies and researchers in structuring and documenting data for lawful and transparent reuse. It shall report annually to the BAIS on data access, fairness, and observed risks or harms resulting from the use of PSA-managed datasets.

SEC. 53. Role of the National Economic and Development Authority. – The National Economic and Development Authority (NEDA) shall incorporate Artificial Intelligence into development planning and policy evaluation. It shall assess the effects of AI on productivity, inequality, public service delivery, and labor transformation. It shall support the inclusion of AI goals and safeguards in the Philippine Development Plan and advise other agencies on innovation-aligned investments.

SEC. 54. Role of the Department of Justice. – The Department of Justice (DOJ) shall provide legal guidance on the rights and remedies available to individuals harmed by Artificial Intelligence. It shall work with the BAIS to design prosecutorial protocols for algorithmic discrimination, negligence, and other AI-related offenses. It shall also ensure that constitutional guarantees such as due process and equal protection are observed in the design and enforcement of AI regulation.

SEC. 55. Role of the Supreme Court and the Judiciary. – The Judiciary shall be encouraged to develop training and internal policies to evaluate the use of Artificial Intelligence in courts and legal proceedings. It shall assess how AI-generated evidence may be received, how automated systems affect access to justice, and how safeguards should be applied in judicial administration.

SEC. 56. Role of the Department of Foreign Affairs. – The Department of Foreign Affairs (DFA) shall represent the Philippines in international efforts to shape Artificial Intelligence governance. It shall promote Philippine interests in treaty negotiations, global standards, and research cooperation. It shall coordinate with the BAIS on building strategic partnerships that support AI safety and ethical development.

SEC. 57. Role of the Department of the Interior and Local Government. – The Department of the Interior and Local Government (DILG) shall supervise the responsible deployment of Artificial Intelligence by local government units. It shall ensure that local projects comply with the requirements of this Act and that all high-risk AI applications are reviewed and documented in accordance with BAIS guidance.

SEC. 58. Role of the National Telecommunications Commission. – The National Telecommunications Commission (NTC) shall oversee the use of Artificial Intelligence by telecommunications providers. It shall ensure that AI-enabled practices such as traffic management and content filtering do not result in discrimination or manipulation. It shall coordinate with the BAIS on reporting and audit obligations for AI deployed in public communications infrastructure.

SEC. 59. Role of the Civil Service Commission. – The Civil Service Commission (CSC) shall ensure that Artificial Intelligence systems used in public sector human resource management are consistent with merit, transparency, and fairness. It shall guide agencies in the ethical use of AI for hiring, promotions, and evaluation. It shall also support civil servants in building capacity for AI oversight and accountability.

SEC. 60. Role of the Commission on Elections. – The Commission on Elections (COMELEC) shall regulate the use of Artificial Intelligence in electoral technologies and campaign activity. It shall prevent the use of AI for voter manipulation, automated disinformation, and synthetic impersonation. It shall coordinate with the BAIS to evaluate and approve all proposed uses of AI in voting, counting, or public messaging.

SEC. 61. Role of the Anti-Red Tape Authority. – The Anti-Red Tape Authority (ARTA) shall support the use of Artificial Intelligence to streamline frontline services and reduce bureaucratic burden. It shall work with the BAIS to verify that such systems do

not cause exclusion or discrimination and that they remain explainable and accountable. It shall promote ethical AI adoption in public service delivery under its ease of doing business mandate.

SEC. 62. Role of the Department of Budget and Management. – The Department of Budget and Management (DBM) shall ensure that funding requests for Artificial Intelligence systems include appropriate risk assessments and compliance documentation. It shall support AI capacity-building in the public sector and coordinate with the BAIS to avoid duplication and to prioritize investments aligned with national objectives.

## CHAPTER VIII

### Emerging Technologies, Public Safety, and Adaptive Measures

SEC. 63. Transitory Exercise of Powers. – Until the Bureau of Artificial Intelligence Systems is fully constituted, the Secretary of the Department of Information and Communications Technology shall exercise the powers and responsibilities of the Bureau under this Title in an ex officio capacity. The Secretary shall apply the precautionary principles, risk mitigation standards, and ethical safeguards provided in this Act when exercising such authority.

SEC. 64. Authority to Address Emerging Risks. – The Bureau may issue precautionary advisories, interim safeguards, or temporary moratoriums in response to Artificial Intelligence applications that present new, unregulated, or escalating risks to human rights, national security, democratic institutions, or ecological systems. These emergency measures shall not exceed twelve months in duration unless formally extended or replaced by permanent regulation.

SEC. 65. AI Applications in Policing and Public Order. – No Artificial Intelligence system shall be deployed for policing, crime prediction, crowd monitoring, or automated enforcement of public order laws including traffic violations without prior approval from the Bureau. This approval shall be granted in coordination with the Department of the Interior and Local Government and the Commission on Human Rights. AI tools for facial recognition, license plate reading, real-time surveillance, predictive policing, and automated profiling are considered high-risk and shall not be used unless they undergo sandbox evaluation, public disclosure, and publication of safeguards. The Bureau may suspend or revoke the deployment of any public safety AI system that undermines civil liberties or due process.

SEC. 66. Experimental AI Systems. – The BAIS may authorize time-bound deployments of experimental AI systems that fall outside existing classifications through a regulatory sandbox. These deployments must include risk documentation, user safeguards, real-time monitoring, and defined geographic or functional limits. Systems deployed in this manner shall be subject to regular evaluation and may be suspended at any time if risks emerge.

SEC. 67. AI Systems with Unanticipated Behavior. – Any person or entity responsible for deploying an AI system that exhibits unanticipated, self-modifying, or emergent behavior shall report the event to the BAIS without delay. The BAIS may require suspension, modification, or withdrawal pending technical safety review. AI systems showing emergent behavior shall not operate autonomously in health, defense, law enforcement, or critical infrastructure domains.

SEC. 68. Systemic Failure and Emergency Response Planning. – The BAIS shall develop and regularly update a contingency framework for systemic AI failure events in coordination with the National Disaster Risk Reduction and Management Council and other concerned agencies. This framework shall include procedures for addressing algorithmic service disruption, coordinated adversarial attacks, misinformation campaigns, and the collapse or malfunction of high-impact AI services. It shall also include mechanisms to detect and contain cascading failures triggered by AI-driven trading systems, credit evaluation models, or automated financial platforms, and shall maintain a registry of AI systems that require kill-switches or human failover protocols.

SEC. 69. Financial Applications and Systemic Market Risks. – AI systems used in banking, credit scoring, insurance, securities trading, asset management, or financial infrastructure shall be subject to enhanced scrutiny by the BAIS in coordination with the Bangko Sentral ng Pilipinas, the Securities and Exchange Commission, and the Insurance Commission. The BAIS may require pre-deployment review, stress testing, and algorithmic transparency documentation to ensure that such systems do not cause excessive volatility, herding behavior, opacity, or systemic contagion. Institutions shall report to the BAIS any algorithmic anomalies that materially affect multiple firms, sectors, or markets. AI systems used in autonomous trading or high-frequency environments must incorporate circuit-breaking logic and human override capacity.

SEC. 70. Future Preparedness. – The BAIS shall establish a permanent foresight unit to monitor global trends in advanced AI development, including Artificial General Intelligence, autonomous weapons, machine personhood claims, and other emerging technologies. This unit shall conduct scenario planning, evaluate long-term regulatory

challenges, and submit a comprehensive strategic risk report to Congress every four (4) years with recommendations for policy and institutional reform.

## CHAPTER IX NATIONAL PANEL OF EXPERTS ON ARTIFICIAL INTELLIGENCE

SEC. 71. Creation of the National Panel of Experts and Resource Persons on Artificial Intelligence (NPER-AI). – There is hereby established an independent, multisectoral, and consultative body composed of Filipino experts and civic representatives to serve as an institutional advisory mechanism to the BAIS.

SEC. 72. Mandate and Functions. – The NPER-AI shall: (a) provide ethical oversight and non-binding opinions on AI systems or regulatory actions that raise novel, high-risk, or controversial concerns; (b) facilitate public engagement through town halls, hearings, and forums on proposed AI regulations or deployments; (c) conduct emerging risk foresight and publicly report on potential societal, economic, and cultural disruptions; (d) submit an annual AI Ethics and Public Impact Report to Congress, the President, and the public; and (e) issue advisory reviews on draft rules or major deployments referred by the BAIS. Where the BAIS adopts a position contrary to the Panel’s recommendation, it shall issue a written explanation of its rationale.

SEC. 73. *Composition and Appointment.* - The National Panel of Experts and Resource Persons on Artificial Intelligence shall be composed of nine (9) members, appointed by the President of the Philippines upon recommendation of the Secretary of Information and Communications Technology. The Panel shall be composed of:

- (1) One (1) artificial intelligence researcher or machine learning expert;
- (2) One (1) ethicist, philosopher, or religious scholar with a demonstrated body of work on AI ethics;
- (3) One (1) labor sector representative, preferably from a national labor organization or union;
- (4) One (1) human rights or data privacy legal expert;
- (5) One (1) sociologist, anthropologist, or public interest technologist;
- (6) One (1) representative of the youth or academic sector under the age of thirty

(30);

(7) One (1) regional representative from Visayas or Mindanao, rotating every three (3) years;

(8) One (1) representative from the private innovation sector, preferably from a startup or MSME; and

(9) One (1) media practitioner or researcher on disinformation, algorithmic harms, or information integrity.

SEC. 74. *Term and Compensation.* - Members of the Panel shall serve a term of three (3) years, renewable once. They shall receive honoraria and allowances as may be determined by the Department of Budget and Management, subject to existing rules and availability of funds.

SEC. 75. *Secretariat Support.* - The Panel shall be supported by a Secretariat to be provided by the Department of Information and Communications Technology, in coordination with the Bureau of Artificial Intelligence Systems. The Secretariat shall provide technical, logistical, and research assistance to enable the Panel to fulfill its functions.

## CHAPTER X

### Transition, Implementation, and Final Provisions

SEC. 76. *Initial Appropriations.* - The amount necessary for the initial implementation of this Act shall be charged against the current appropriations of the Department of Information and Communications Technology. Thereafter, such sums as may be necessary for the continued operation of the Bureau of Artificial Intelligence Systems and the programs under this Code shall be included in the annual General Appropriations Act.

SEC. 77. *Organizational Transition.* - Within ninety (90) days from the effectivity of this Act, the DICT shall establish the organizational structure, staffing pattern, and operating procedures of the Bureau of Artificial Intelligence Systems, subject to existing laws, civil service rules, and budgetary availability. All existing offices and units within the DICT engaged in AI policy or regulation shall be reorganized under the BAIS.

Pending the full establishment of the Bureau, the Secretary of the DICT may exercise all powers and functions necessary to enforce the provisions of this Act and may designate an interim unit or officer to perform the functions of the BAIS.

SEC. 78. *Publication of the Code of AI Regulations.* - Within one hundred eighty (180) days from the effectivity of this Act, the BAIS shall publish the initial version of the Code of Artificial Intelligence Regulations (CAIR), which shall contain the technical rules, compliance procedures, forms, standards, and interpretive guidance necessary for the implementation of this Code.

SEC. 79. *Annual Reporting and Review.* - The BAIS shall submit an annual report to Congress, which shall include:

- (a) The status of AI system registrations and deployments;
- (b) The results of compliance actions and enforcement activities;
- (c) Recommendations for legislative or regulatory refinement; and
- (d) Emerging risks and trends in AI development and use.

Congress shall conduct a comprehensive review of this Code every three (3) years, with the option to revise, consolidate, or expand its provisions based on technological developments and societal needs.

SEC. 80. *Implementing Rules and Regulations.* Within ninety (90) days from the effectivity of this Act, the DICT shall, in consultation with relevant agencies, promulgate the necessary implementing rules and regulations for its enforcement. Such rules shall take effect fifteen (15) days after their publication in the Official Gazette or in a newspaper of general circulation.

In the formulation of the implementing rules and regulations, the BAIS shall consult the National Privacy Commission, the Department of Justice, the Civil Service Commission, and other relevant agencies to ensure harmonization with existing regulatory frameworks.

SEC. 81. *Repealing Clause.* - The following provisions, laws, and issuances are hereby repealed, amended, or modified insofar as they are inconsistent with the provisions of this Act:

(a) Section 12 of Republic Act No. 10175, otherwise known as the "Cybercrime Prevention Act of 2012," which authorizes real-time collection of traffic data without court order, is hereby deemed inapplicable to the use of Artificial Intelligence systems for surveillance or profiling, unless such use complies with the registration, human oversight, and transparency requirements of this Act. Nothing in this Act shall be construed to revive any provision previously declared unconstitutional.

(b) All administrative rules, procurement guidelines, and internal policies of public agencies that authorize the development, acquisition, or deployment of AI systems without risk classification, registration, documentation, or ethical safeguards as required by this Act are hereby repealed, amended, or rendered without effect to the extent of such inconsistency.

(c) Any law, regulation, or policy that grants finality, legal force, or presumptive validity to AI-generated outputs or decisions without a mechanism for human review, override, or appeal shall be deemed modified in accordance with this Act.

(d) All other laws, presidential decrees, executive orders, rules and regulations, or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 82. *Suppletory Clause.* - This Act shall be construed in harmony with existing laws on data privacy, cybersecurity, procurement, public accountability, and sector-specific regulation.

In particular, Republic Act No. 10173, or the "Data Privacy Act of 2012," shall apply in a suppletory manner. Nothing in the Data Privacy Act shall be construed to prohibit algorithmic audits, red-teaming, bias testing, or post-deployment evaluations required under this Act, provided such activities are conducted in accordance with the principles of lawful processing, legitimate purpose, proportionality, and data minimization, and are subject to appropriate safeguards as determined by the Bureau of Artificial Intelligence Systems.

SEC. 83. *Separability Clause.* If any portion or provision of this Act is declared invalid or unconstitutional, other provisions hereof shall remain in full force and effect.

SEC. 84. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,