The Seqlense Regulatory Brief – Issue #18

Crypto, TradFi & Digital

AI Act Special: 2 August 2026 milestone

Decoding financial regulation, AI and data to anticipate change, stay compliant and make informed decisions

2 August 2026: what applies, what has been deferred and what financial stakeholders need to do

Previous editions of the Regulatory Brief have tracked the development of the European framework on artificial intelligence: the AI Act and its Omnibus since the political agreement of 7 May 2026 (Seqlense Regulatory Brief Issue #7), its relationship with the GDPR and the case law of the CJEU (Issue #8), the convergence of AI and cybersecurity in finance (Issue #11) and the global regulatory acceleration of July 2026 (Issue #15). This eighteenth issue, published on 2 August 2026, analyses a decisive milestone: several obligations under the AI Act are now effectively applicable, whilst the regime for high-risk systems has been deferred.

Two recent events have reshaped this milestone. The European Parliament adopted the Digital Omnibus on AI on 16 June 2026 by 423 votes in favour, 57 against and 174 abstentions, after which the Council gave its final approval on 29 June. Published in the Official Journal of the European Union on 24 July under Regulation (EU) 2026/1744, the text entered into force on 27 July 2026. In particular, it defers the requirements applicable to high-risk systems and national sandboxes, but does not defer either Article 50 or the activation of investigative and enforcement powers concerning general-purpose AI models.

2 August 2026 therefore has three distinct effects. First, the transparency obligations under Article 50 become applicable. Second, the investigative and enforcement powers of the Commission and the AI Office in relation to general-purpose AI (GPAI) models become effective. Third, national competent authorities can begin to exercise their enforcement powers in relation to the provisions that now apply. Those authorities were required to be designated by 2 August 2025.

For banks, insurers, asset managers, CASPs, fintechs and investment firms, the change is real but targeted. Which obligation applies depends on the role performed, provider or deployer, and on the specific use case. Requirements for high-risk systems have been deferred, but the transparency obligations, the GDPR, DORA and sector-specific financial rules continue to apply.

The weak signal

2 August 2026 is not the 'cliff edge' of the high-risk regime announced in 2024. It is a narrower but legally concrete milestone: transparency and enforcement come into effect.

A superficial reading of the post-Omnibus timetable leads to two misinterpretations. The first is to view this as a general postponement because Annex III has been postponed to 2 December 2027 and Annex I to 2 August 2028. The second is to assume that nothing is happening, since Article 50 has not been postponed and the GPAI obligations have been in force since 2 August 2025.

The operational reality is more nuanced. Article 50 covers interactive systems, the machine-readable marking of certain synthetic content, emotion recognition, biometric categorisation, deepfakes and certain texts published to inform the public on matters of public interest. It does not, however, subject every professional use of generative AI to the same obligation: the company's role and the publication context are decisive. At the same time, enforcement mechanisms become fully operational. Breaches other than prohibited practices, including breaches of Article 50 and the GPAI obligations, may attract fines of up to €15 million or 3% of total worldwide annual turnover; prohibited practices may attract fines of up to €35 million or 7%.

One indirect indication of the difficulty in interpreting the timetable is worth noting: the factsheet 'AI Act: what changes for businesses?', published on 6 October 2025 on Entreprendre.Service-Public.fr and still accessible on 2 August 2026, still sets out the timetable prior to Regulation (EU) 2026/1744. In particular, it sets the date of 2 August 2026 for high-risk systems and regulatory sandboxes, which have now been postponed. For regulated entities, the priority must therefore be to refer to the consolidated text of the AI Act, the amending regulation and the Commission's recent publications.

Focus 1: Three pathways taking effect on 2 August 2026

An operational analysis of 2 August 2026 benefits from distinguishing between three simultaneous but distinct pathways.

- **First pathway: the transparency obligations under Article 50 apply.** They cover four situations: direct interaction with a natural person (Article 50(1)); machine-readable marking of synthetic content by the provider (Article 50(2)); informing natural persons exposed to emotion recognition or biometric categorisation (Article 50(3)); and labelling deepfakes or certain public-interest texts by the deployer (Article 50(4)). These obligations are not restricted to high-risk systems.
- **Second pathway: GPAI enforcement powers become available.** The obligations for general-purpose AI models have applied since 2 August 2025: technical documentation; information for downstream providers; a copyright compliance policy; a sufficiently detailed summary of training content; and, for models posing systemic risk, risk assessment and mitigation. From 2 August 2026, the Commission and the AI Office can use their investigative and enforcement powers.
- **Third pathway: national enforcement becomes effective for the rules that apply.** The deadline for designating national authorities was 2 August 2025, not 2 August 2026. In France, the proposed governance model envisages a sectoral allocation of responsibilities, coordinated in particular by the DGCCRF and the DGE; the CNIL is preparing to exercise market-surveillance powers, whilst sectoral regulators are expected to act within their respective remits. However, the Commission webpage consulted on 2 August 2026 did not yet identify a single point of contact for France, so the final national structure remains to be confirmed.

What to watch

- **The finalisation of the French governance framework and the designation of the single point of contact,** with a clear division of responsibilities between general, sectoral and data protection authorities.
- **The first enforcement actions by the Commission and the AI Office,** in particular via the new tools for lodging complaints, raising alerts and requesting information concerning the systems and models under their supervision.
- **Implementation of the Code of Practice on Transparency of AI-Generated Content.** The Code was published on 10 June 2026, deemed adequate by the Commission and the AI Board, and more than 180 organisations appeared on the first list of signatories as at 31 July. Non-signatories must demonstrate compliance through adequate alternative means.

Focus 2 - Article 50: four situations and their implications

Article 50 distinguishes four situations, but above all two categories of regulated actors. Paragraphs 1 and 2 primarily address providers; paragraphs 3 and 4 impose obligations on deployers. Paragraph 5 sets common requirements for the information to be provided: it must be clear, distinguishable and accessible, and supplied no later than the first interaction or exposure.

- **Article 50(1): direct interaction with natural persons.** Providers must design and develop systems so that people are informed they are interacting with AI from the start of the first interaction, unless this is obvious to a reasonably well-informed, circumspect and observant person. The Commission's guidance requires a genuine, two-way and direct interaction. In the financial sector, this may include chatbots, conversational agents or avatars; an engine operating solely in the background is not, on that basis alone, subject to this obligation.
- **Article 50(2): marking synthetic content.** Providers of AI systems that generate synthetic audio, image, video or text content must ensure that outputs are marked in a machine-readable format and detectable as artificially generated or manipulated. The guidelines provide exclusions or adjustments, in particular for standard editing, certain machine-to-machine outputs and, subject to conditions, certain B2B or industrial contexts. AI systems placed on the market before 2 August 2026 benefit, for this obligation alone, from a transitional period until 2 December 2026; content generated before 2 August does not need to be labelled retroactively.
- **Article 50(3): emotion recognition and biometric categorisation.** Deployers must inform natural persons exposed to the operation of these systems, whether they are used in real time or ex post, and comply with applicable data protection rules. This obligation does not make prohibited uses lawful: emotion recognition in the workplace or in educational institutions remains prohibited, except for medical or safety reasons, as do certain biometric categorisation systems based on sensitive characteristics.
- **Article 50(4): deepfakes and public-interest texts.** Deployers must disclose deepfake content to natural persons upon first exposure at the latest; the provider's machine-readable marking alone is not sufficient. AI-generated or manipulated text published to inform the public on matters of public interest must also be clearly labelled, unless it has undergone genuine human review or editorial control and a person assumes editorial responsibility. A merely grammatical correction does not amount to sufficient review.

What to watch

- **The practical interpretation of the final guidelines of 20 July 2026,** in particular the exemptions relating to standard editing, B2B contexts and whether an interaction with AI is 'obvious'.
- **Compliance with the transitional period ending on 2 December 2026,** which is strictly limited to providers of generative AI systems placed on the market before 2 August 2026 and to the marking obligation under Article 50(2).
- **The first enforcement decisions relating to Article 50,** in particular concerning chatbots used without the required disclosure, unlabelled deepfakes and the absence of detectable marking where required.

Focus 3: What the Digital Omnibus actually deferred

Understanding the new timetable requires a precise assessment of what has been deferred by the Digital Omnibus. Three categories must be distinguished.

- **The regime for high-risk systems under Annex III has been deferred from 2 August 2026 to 2 December 2027.** This notably concerns credit scoring for natural persons (point 5(b)) and risk assessment or pricing in life and health insurance (point 5(c)). The associated requirements on risk management, data governance, technical documentation, record-keeping, human oversight, robustness, conformity assessment and registration are deferred accordingly.
- **The regime for high-risk systems under Annex I has been deferred until 2 August 2028.** For machinery, the Digital Omnibus does not simply remove all AI-related requirements: it shifts the relevant treatment to the sectoral framework under Regulation (EU) 2023/1230. By 2 August 2028, delegated acts are expected to integrate health and safety requirements consistent with those of the AI Act. This is therefore a sector-specific treatment rather than a straightforward exclusion.
- **National regulatory sandboxes must now be established by 2 August 2027.** The Digital Omnibus also extends the scope for real-world testing of certain systems covered by Annex I and enables the AI Office to establish an EU-level sandbox for systems falling within its remit.

The Digital Omnibus also extends several proportionality measures to small mid-cap enterprises (SMCs). This category covers companies that are no longer SMEs, employ fewer than 750 people and have annual turnover of no more than €150 million or an annual balance-sheet total of no more than €129 million. The list of use cases in Annex III has not been amended: the deadlines have changed, but the material scope of those use cases has not.

What to watch

- **The standards, guidance and delegated acts needed for the high-risk regime,** in particular the implementation guidance and sector-specific acts expected before the new deadlines in 2027 and 2028.
- **The establishment of national regulatory sandboxes by 2 August 2027,** and their coordination with any EU-level sandbox established by the AI Office.
- **Use of small mid-cap status,** in particular access to simplified documentation requirements, support measures and adjusted ceilings for fines.

Focus 4: What 2 August 2026 means for financial sector firms

For banks, insurers, asset managers, CASPs and investment firms, the post-Omnibus timetable requires a three-stage approach aligned with the role actually performed in the AI value chain.

First stage, immediate: define roles and use cases. A company that develops an AI system, or has one developed, and puts it into service under its own name or trade mark may be a provider; a company that uses a system under its authority is a deployer. The obligations differ. Financial firms should therefore map their interactive and generative systems, verify the contractual terms and technical mechanisms supplied by vendors, implement the required information or labelling, and retain evidence of the controls performed. For public-interest texts, human review or editorial control, together with editorial responsibility, may qualify for the exemption from the labelling requirement in Article 50(4).

Second stage, by 2 December 2026: complete the limited transition under Article 50(2). Only providers of generative AI systems placed on the market before 2 August 2026 receive an additional four months for machine-readable marking. The other obligations under Article 50 are not covered by this grace period. On the same date, new prohibitions will also apply to certain systems that generate or manipulate non-consensual sexual or intimate content and child sexual abuse material.

Third stage, until 2 December 2027: prepare financial-sector high-risk systems under Annex III. The additional sixteen-month period should be devoted to data governance, risk management, technical documentation, testing, human oversight, conformity assessment and registration. It does not suspend the GDPR, DORA or sector-specific obligations relating to conduct, governance, outsourcing or AML/CFT. An integrated approach encompassing the AI Act, the GDPR, DORA and financial regulation remains essential.

What to watch

- **The final allocation of responsibilities in France and the designation of the single point of contact,** in particular to determine the competent authority by sector, system type and whether the firm is a provider or deployer.
- **The thematic study announced by the AMF on the governance of listed companies,** which will examine in 2026 how boards take account of risks relating to AI, cybersecurity and geopolitics. The study may lead to recommendations and good practices; it does not yet constitute published regulatory guidance.
- **The convergence of the AI Act, DORA and cybersecurity,** reinforced by the ESRB warning of 25 June, the ECB letter of 7 July requiring significant institutions to submit an action plan by 31 October 2026, and the joint EBA–EIOPA–ESMA statement of 31 July calling for robust governance and consistent supervision of ICT risks associated with frontier AI models.

Key takeaways

Five practical points for 2 August 2026:

- **2 August 2026 brings a targeted set of rules and enforcement powers into application:** Article 50, supervision and enforcement in relation to general-purpose AI (GPAI) models, and national enforcement of the provisions that now apply.
- **Article 50 is not limited to high-risk systems, but it does not apply uniformly to all uses of generative AI.** It is necessary to assess the role of the provider or deployer, the type of content, the context of exposure and the possible existence of substantial editorial control.
- **Regulation (EU) 2026/1744, in force since 27 July, has deferred the high-risk regime** under Annex III until 2 December 2027 and the regime under Annex I until 2 August 2028, without amending the list of financial use cases in Annex III.
- **The grace period until 2 December 2026 is strictly limited** to the machine-readable marking obligation under Article 50(2) for generative AI systems placed on the market before 2 August 2026. It does not apply to new systems or to the other obligations under Article 50.
- **Enforcement powers are now available for use:** fines of up to €15 million or 3% of total worldwide annual turnover for breaches such as those relating to Article 50 or the GPAI obligations, and up to €35 million or 7% for prohibited practices, subject to the applicable proportionality rules.

Conclusion

2 August 2026 is not the uniform 'full application' date envisaged in the initial timetable. Regulation (EU) 2026/1744 has deferred the most onerous requirements for high-risk systems, but Article 50 and the EU-level enforcement powers do take effect on Sunday 2 August. For financial firms, the immediate priority is therefore not to apply labelling indiscriminately to every use of AI. It is to assess each use case, distinguish between the provider and the deployer, verify the applicable transparency obligations, document human review or oversight and prepare Annex III systems for the 2 December 2027 deadline. The GDPR, DORA and sector-specific financial frameworks continue to apply without interruption.

Main sources

- Regulation (EU) 2024/1689 (AI Act), in particular Articles 3, 5, 50, 51 to 55, 70, 99 to 101, 111 and 113, and Annexes I and III.
- Regulation (EU) 2026/1744 (Digital Omnibus on AI); proposal COM(2025) 836 final of 19 November 2025; political agreement of 7 May 2026; adoption by Parliament on 16 June and by the Council on 29 June; publication on 24 July; entry into force on 27 July 2026.
- European Commission, final guidelines on Article 50 (20 July 2026) and operational FAQs updated on 24 July 2026.
- European Commission, Code of Practice on Transparency of AI-Generated Content; published on 10 June 2026 and subsequently deemed adequate by the Commission and the AI Board.
- European Commission, AI Act enforcement framework; updated on 31 July 2026; see also the guidelines for providers of general-purpose AI models.
- ESRB, Warning on systemic cyber risks stemming from frontier artificial intelligence models; adopted on 25 June and published on 7 July 2026; ECB letter to significant institutions of 7 July; joint EBA–EIOPA–ESMA statement of 31 July 2026.
- DGE–DGCCRF, French proposal for the designation of national authorities (9 September 2025); CNIL, 2026 Work Programme (7 April 2026).
- Entreprendre.Service-Public.fr, 'AI Act: what changes for businesses?'; published on 6 October 2025; an example of a timetable that had not yet been updated following the Digital Omnibus as at 2 August 2026.
- AMF, study announced on listed companies' governance in relation to AI, cybersecurity and geopolitics (9 June 2026).

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