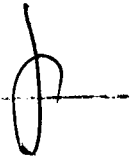


TWENTIETH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

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25 JUL -2 P4 :55

SENATE
S. No. 25



Introduced by Senator **PIA S. CAYETANO**

AN ACT
REGULATING THE DEVELOPMENT AND USE OF ARTIFICIAL INTELLIGENCE
SYSTEMS IN THE PHILIPPINES, PROMOTING ETHICAL AND RESPONSIBLE
ARTIFICIAL INTELLIGENCE INNOVATION, AND INTEGRATING
SUSTAINABILITY AND FUTURES THINKING IN NATIONAL POLICY MAKING,
AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The rise of Artificial Intelligence (AI) is profoundly transforming industries, governance systems, and societies worldwide. As the Philippines continues its digital transformation journey, there is an urgent need for a national framework that ensures the safe, responsible, and ethical use of AI, aligned with our vision of an inclusive, innovative, and secure digital future.

The European Union's landmark AI Act of 2024, the world's first comprehensive legal framework on AI, highlights the importance of risk-based classification, transparency, accountability, and human oversight.¹ In the same way, the United Nations Secretary-General's High-Level Advisory Body on AI emphasizes the need for coordinated global governance to uphold rights-based, transparent, and inclusive AI development.² These international efforts reflect a growing global recognition. While AI holds vast economic and societal potential, it must be accompanied by a robust regulatory legal framework.

¹ European Union AI Act. (2024). *World's First Comprehensive AI Law*

<https://digital-strategy.ec.europa.eu/en/policies/european-approach-artificial-intelligence>

² CDO Magazine. (2024). *UN advisory body's 7 key recommendations for global AI governance*.

<https://www.cdomagazine.tech/aiml/un-advisory-bodys-7-key-recommendations-for-global-ai-governance?utm>

AI presents enormous opportunities for the Philippines: improving public services, advancing disaster resilience, modernizing agriculture, and enhancing education and healthcare systems, among others. However, these innovations carry risks. AI systems rely on data and models that may be incomplete, biased, or manipulated, reflecting the subjective or commercial choices of developers. These raise concerns such as algorithmic bias, discrimination, and AI hallucinations, where systems generate false or misleading outputs with confidence. Moreover, the global scientific and policy communities have raised alarms regarding the possible rise of Artificial Superintelligence (ASI), hypothetical AI systems surpassing human intelligence and potentially beyond human control.³ This risk includes fears that such systems, if improperly secured or regulated, might gain unauthorized access to critical infrastructure, including military assets such as nuclear weapons, posing existential threats to humanity.

In view of these challenges, this bill seeks to strike a careful balance between encouraging technological innovation and ensuring that AI systems remain safe, ethical, transparent, and under meaningful human oversight. Given that AI is still in its early stages, this bill provides a general framework to encourage its development in a responsible and lawful manner. It envisions a future where AI supports Filipino ingenuity, addresses national development challenges, and protects the rights and welfare of every citizen. The State bears the responsibility to ensure that AI will never be used to perpetrate crimes, abuse rights, cause harm or unintended consequences, whether through intent or accident, while supporting Filipino ingenuity and technological progress.

In view of the foregoing, the approval of this bill is earnestly sought.

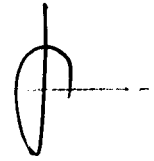

PIA S. CAYETANO

³ Center for Security and Emerging Technology. (2024). *Securing Critical Infrastructure in the Age of AI*. Georgetown University <https://cset.georgetown.edu/publication/securing-critical-infrastructure-in-the-age-of-ai/>

SENATE

S. No. 25

RECEIVED



Introduced by Senator **PIA S. CAYETANO**

AN ACT
REGULATING THE DEVELOPMENT AND USE OF ARTIFICIAL INTELLIGENCE
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 Section 1. *Short Title.* – This Act shall be known as the "Artificial Intelligence
2 Regulation Act (AIRA)."

3 Sec. 2. *Declaration of Policy.* – It is the policy of the State to recognize that
4 science and technology are essential for national development and progress. The State
5 shall give priority to research and development, invention, innovation, and their
6 utilization; and to science and technology education, training, and services.¹ In this
7 regard, the State shall promote the responsible development and use of Artificial
8 Intelligence (AI) to advance inclusive growth, public service delivery, innovation, and
9 long-term national resilience. It shall likewise institutionalize futures thinking and
10 sustainability as core principles in education, governance, and innovation. Towards
11 this end, the State shall advance AI in a manner that is ethical, inclusive, transparent,
12 and accountable.

13 Sec. 3. *Objectives.* – The objectives of this Act are the following:

¹ Article XIV, Section 10 of the Philippine Constitution

- a) Promote innovation, technological advancement, and the responsible and ethical use of AI in a manner that upholds the privacy, rights, safety, and dignity of all Filipinos;
- b) Recognize that AI enhances human productivity, creativity, and efficiency across all sectors, and may be harnessed as a tool to complement human work, improve public service delivery, boost economic competitiveness, and advance scientific, educational, and technological development;
- c) Ensure that AI systems should enhance human cognition and never degrade it;
- d) Strike a balance between promoting technological advancements on AI and ensuring AI safety for purposes of public interest;
- e) Protect Filipino workers from undue displacement due to AI and to uphold their right to decent and sustainable work;
- f) Ensure that AI systems contribute to inclusive national development that protects national security and respects human autonomy;
- g) Adapt to the rapid and evolving nature of AI technologies and continuously build institutional and regulatory capacities; and
- h) Ensure that policies of both the national and local governments on AI are driven by futures thinking, strategic foresight, and proactive risk management, and are governed by principles of transparency, accountability, and sustainability.

Sec. 4. *Coverage.* – This Act shall regulate the development and use of all types of AI, including Artificial General Intelligence (AGI) and Artificial Superintelligence (ASI), as well as regulate AI foundation models, such as machine learning systems, generative AI, neural networks, expert systems, language learned models (LLMs), and Generative Pre-trained Transformers. This shall apply to all individuals, corporations, institutions, and government agencies that develop, deploy, use or operate AI systems in the Philippines.

Sec. 5. *Definition of Terms.* – For the purposes of this Act:

- a) *Artificial Intelligence (AI)* – refers to systems that allow machines to think like humans, such that they can display intelligent behavior by

analyzing the data and taking actions with some degree of autonomy to achieve specific goals.

b) *Artificial General Intelligence (AGI)* – refers to AI systems with the capacity to understand, learn, and apply knowledge across a broad range of tasks at a level equal to or surpassing human intelligence.

c) *Artificial Superintelligence (ASI)* – refers to hypothetical AI systems that surpass human intelligence in all respects, including creativity, decision-making, and social intelligence.

d) *AI Foundation Model* – refers to a type of large-scale artificial intelligence model trained on vast quantities of broad data using self-supervised learning or similar techniques, and which can be adapted to a wide range of downstream tasks, such as question answering, summarization, translation, classification, or content generation, with minimal task-specific tuning. Foundation models include, but are not limited to, LLMs, multimodal models, and generative models.

e) *Deployment in AI* – refers to the process of integrating and operating a trained AI model into an organizational infrastructure or real-world environment where it can perform its intended tasks.

f) *Expert Systems* – refer to computer programs designed to simulate the decision-making abilities of a human expert in a specific domain.

g) *Futures Thinking* – refers to an avenue to strategically explore a range of “possible futures”, with the aim of uncovering unexpected opportunities and mitigate potential risks.

h) *Generative Pre-trained Transformers* – refer to a type of large language model based on the transformer architecture that generate human-like text by predicting the next word in a sequence.

i) *Hallucination in AI* – refers to the phenomenon wherein an AI system generates output that is syntactically correct or plausible-sounding but factually incorrect, fabricated, or nonsensical. Hallucinations can occur in text, image, audio, or multimodal outputs, and are often the result of the model extrapolating beyond the data it was trained on or failing to

ground its responses in verifiable information. There are two (2) general types:

- i) *Intrinsic hallucination* – when the model generates content inconsistent with the source input or prompt.
- ii) *Extrinsic hallucination* – when the content is not supported by the input but cannot be definitively labeled as incorrect due to lack of ground truth.
- j) *Highest level of responsibility and ethical consideration* – refers to the level of diligence required of all persons, corporations, institutions, and organizations engaged in the development and deployment of AI to ensure that AI systems are developed and used for the common good and does not facilitate crime, harm, or social injustice.
- k) *Machine Learning (ML)* – refers to a subset of AI that enables systems to learn from data and improve performance over time without being explicitly programmed.
- l) *Neural Networks* – refer to computational models inspired by the structure and function of the human brain, designed to recognize patterns and relationships in data.
- m) *Generative AI* – refers to AI systems capable of producing text, images, music, video, or other content including LLM.
- n) *Large Language Models (LLMs)* – refer to a type of generative AI trained on vast datasets to generate human-like text, translate language, summarize information, or answer questions.
- o) *Multimodal Models* – refer to systems designed to process and integrate information from multiple data modalities—such as text, images, audio, and video—within a single unified framework. These models learn to understand and generate responses by finding relationships and patterns across different types of inputs.

Sec. 5. *National AI Commission.* – There is hereby established a policy-making and quasi-judicial body to be known as the National AI Commission, hereinafter referred to as “NAIC.” The NAIC shall be an agency attached to the Department of Science and Technology (DOST).

1 Sec. 6. *Jurisdiction of the NAIC.* – The NAIC shall have the original and exclusive
2 jurisdiction over all matters pertaining to AI, including its development, promotion,
3 registration and regulation. The NAIC shall have quasi-judicial powers to hear and
4 decide on cases, and impose administrative sanctions provided under Sec. 20 of this
5 Act.

6 The NAIC shall be responsible for technical support and policy alignment of all
7 government offices, including those under or attached to the DOST and other
8 concerned agencies involved in AI development. The NAIC shall also have the
9 authority to impose administrative penalties in case of any violation of this Act.

10 Sec. 7. *Composition of the NAIC.* – The NAIC shall be composed of the
11 Secretary of the DOST as Chairman, the Secretary of the Department of Information
12 and Communications Technology (DICT) as Vice Chairperson, and the following as
13 members:

- 14 a) Department of Trade and Industry (DTI);
- 15 b) Department of Education (DepEd);
- 16 c) Commission on Higher Education (CHED);
- 17 d) Department of Labor and Employment (DOLE);
- 18 e) Technical Education and Skills Development Authority (TESDA);
- 19 f) Department of Justice (DOJ);
- 20 g) National Privacy Commission (NPC);
- 21 h) Department of Economy, Planning, and Development (DepDev);
- 22 i) National Academy of Science and Technology (NAST); and
- 23 j) One (1) representative each from the following sectors, to be appointed
24 by the President of the Philippines for a term of three (3) years:
 - 25 i) The private technology sector with expertise in AI or data science;
 - 26 ii) The civil society sector, with expertise in AI ethics, human rights,
27 or digital governance.

28 Each government agency member may designate a permanent representative
29 to the NAIC, with a rank not lower than an Assistant Secretary or its equivalent, and
30 preferably with proven expertise or relevant background in science and technology,
31 information and communications technology, data governance, policy development,
32 or legal and regulatory affairs.

1 Sec. 8. *NAIC Secretariat.* – The Secretariat shall implement and execute policies
2 on AI pursuant to the provisions of this Act. It shall be headed by an Executive
3 Director, with the rank of an Undersecretary.

4 Subject to the review and approval of the Department of Budget and
5 Management (DBM), the NAIC Council shall determine the organizational structure
6 and staffing pattern of the NAIC Secretariat, in accordance with existing Civil Service
7 Commission laws, rules and regulations.

8 Sec. 9. *Powers and Functions of the NAIC.* – The functions of the NAIC shall
9 include, but not limited to, the following:

- 10 a) Develop and integrate the Philippine AI Roadmap, as provided under Sec. 10
11 of this Act;
- 12 b) Coordinate and directly work with all government agencies, local government
13 units, and other stakeholders, whether public and private, involved in AI;
- 14 c) Maintain a National Registry for AI, as provided under Sec. 11 of this Act;
- 15 d) Create an AI Ethics Review Board, as provided under Sec. 15 of this Act, which
16 would issue guidelines on AI promotion, sustainable development regulation,
17 safety, ethical standards and accountability;
- 18 e) Undertake ethical and sustainability reviews of AI systems in coordination with
19 sectoral regulators and ensure that systems align with social, environmental,
20 and intergenerational goals;
- 21 f) Implement a risk-based regulatory framework of AI systems, including the
22 classification of AI systems as high-risk, moderate-risk, or low-risk based on
23 their potential impact on safety, rights, and national interest;
- 24 g) Certify and monitor AI-related risks of all AI applications;
- 25 h) Support Filipino-developed AI technologies through public-private partnerships
26 and targeted innovation grants;
- 27 i) Coordinate with the National Privacy Commission, Intellectual Property Office,
28 and relevant agencies to ensure AI systems comply with data privacy,
29 intellectual property, and ethical standards;
- 30 j) Prioritize AI systems that promote the use of AI in agriculture, health,
31 education, disaster risk reduction, governance, environmental sustainability,
32 renewable energy, agriculture, and biodiversity and other sectors;

- 1 k) Issue advisory opinions on AI systems that pose unacceptable risks to human
- 2 rights, public safety, democratic integrity, or environmental sustainability;
- 3 l) Create an online portal for the public to access registered AI systems, submit
- 4 complaints, and report harms;
- 5 m) Audit, inspect, or suspend AI systems that are not registered or are found to
- 6 violate the provisions of this Act;
- 7 n) Hear and decide on complaints, and impose administrative penalties, pursuant
- 8 to the provisions of this Act;
- 9 o) Coordinate with international agencies and organizations that have a similar
- 10 mandate and expertise in artificial intelligence; and
- 11 p) Perform other functions as may be mandated by law or duly delegated by
- 12 relevant authorities, as well as those that may be necessary or expedient for
- 13 the performance of its mandate under this Act.

14 Sec. 10. *Multi-year Philippine AI Roadmap*. – The NAIC shall develop and

15 integrate the multi-year Philippine AI Roadmap that shall guide national and local

16 efforts in harnessing AI. It shall be reviewed at least every three (3) years, or as may

17 be necessary, to adapt to rapidly evolving global AI and technological trends.

18 The NAIC shall ensure the progressive realization of the multi-year Philippine

19 AI Roadmap, which should establish clear targets.

20 Sec. 11. *National Registry of AI Systems*. – The NAIC shall establish, maintain,

21 and regularly update the National Registry of AI Systems. All natural or juridical

22 persons, whether public or private, local or foreign, who develop, deploy, operate,

23 import, sell, or provide access to AI systems in the Philippines, shall be required to

24 register such systems with the NAIC.

25 No AI system shall be imported, sold, deployed, or publicly accessed in the

26 Philippines without prior registration with the NAIC and full compliance with applicable

27 regulatory and ethical standards.

28 The NAIC shall ensure that the registry is maintained in accordance with

29 Republic Act No. 10173, or the *Data Privacy Act of 2012*, and Republic Act No. 10175,

30 or the *Cybercrime Prevention Act of 2012*.

1 Sec. 12. *Contents of AI Registration and Registry.* – The registry and the
2 application for AI registration shall include, but not limited to, the following information
3 for each AI system:

- 4 a) Name and description of the AI system;
- 5 b) Intended purpose and sector of deployment;
- 6 c) Name and address of the developer, deployer, or distributor;
- 7 d) Nature of the AI foundation model (e.g., machine learning, generative AI, LLM);
- 8 e) Data sources, intended use, and safeguards for training or development,
9 including status or date when the data was last gathered and processed;
- 10 f) Certification that the AI system has built-in filters or mechanisms to prevent it
11 from being used to facilitate any form of crime, fraud, or harm and that the
12 developers are willing to make the necessary adjustments to the program if the
13 NAIC determines that it is unsafe;
- 14 g) Risk classification, pursuant to this Act and its implementing rules and
15 regulations;
- 16 h) Compliance with standards for AI safety, transparency, accountability,
17 explainability, and ethical compliance features, including safeguards against
18 discrimination, misuse, harm, or unintended consequences;
- 19 i) Mechanism for redress or reporting of adverse incidents arising from its use;
20 and
- 21 j) Any relevant licenses or certifications issued by national or international
22 authorities.

23 Failure to register or the deliberate concealment of information about an AI system
24 shall be subject to penalties under Sec. 20 of this Act.

25 Sec. 13. *AI Registration as a Prerequisite.* – Registration with the NAIC shall be
26 a prerequisite to obtaining any business license or government authorization for the
27 deployment, importation, distribution, or commercial use of an AI system in the
28 country.

29 Sec. 14. *Market Compliance.* – All AI systems that were already used, imported,
30 or accessible in the Philippines prior to the effectivity of this Act shall be registered
31 with the NAIC within sixty (60) days from the effectivity of this Act. Failure to comply
32 shall subject the responsible entity to penalties under this Act.

1 Sec. 15. *AI Ethics Review Board.* – The NAIC shall create an AI Ethics Review
2 Board which shall issue implementing guidelines, including detailed risk thresholds,
3 audit mechanisms, and sanctions for non-compliance, aligned with the provisions of
4 this Act. The AI Ethics Review Board shall review risks related to the AI applications
5 and advise on emerging ethical challenges.

6 Sec. 16. *AI Registration and Risk Classification.* – The NAIC shall classify AI
7 systems and applications according to the following risk tiers:

8 a) *High-risk* – AI systems’ decisions or operations that significantly affect public
9 safety, identity, fundamental rights, livelihoods, or access to essential services,
10 and therefore require heightened regulatory oversight. These include, but not
11 limited to, systems used in education, healthcare, law enforcement, critical
12 infrastructure, justice, finance, and public administration.

13 AI systems classified as high-risk shall undergo mandatory algorithmic
14 impact assessments, data privacy reviews, and sustainability screening before
15 being certified for use.

16 b) *Moderate-risk* – AI systems that influence outcomes with a limited or reversible
17 effect on individuals, organizations, or social systems, and do not directly
18 compromise safety, rights, or critical services. These include systems used in
19 process automation, service optimization, internal evaluations, and resource
20 allocation.

21 c) *Low-risk* – AI systems with minimal impact potential, typically used for non-
22 critical tasks such as administrative support, personalized content delivery, or
23 basic data visualization, and which do not materially affect rights, safety, or
24 public interest.

25 Sec. 17. *Responsibilities of AI Developers, Deployers and/or Operators.* – All
26 developers, deployers and/or operators of AI systems shall, include, but not limited to
27 the following:

28 a) Ensure that AI systems are developed and used responsibly, ethically, and
29 transparently;

30 b) Conduct algorithmic audits for bias, security, and privacy;

31 c) Clearly disclose when users are interacting with AI systems;

1 d) Take full responsibility for harms or unlawful outcomes resulting from their AI
2 system; and

3 e) Provide a clear mechanism to immediately halt, shut down, or disable the AI
4 system if it behaves unpredictably, autonomously exceeds its intended function,
5 causes harm, or commits crime or fraud.

6 Sec. 18. *AI in Employment and Labor Protection.* – The NAIC, in coordination
7 with other concerned agencies, shall regulate the use of AI by employers and business
8 owners, particularly in contexts that may effectively cause worker displacement, job
9 redundancy, or significant changes in labor conditions. It shall likewise issue a
10 separate guidelines, and shall have, but not limited to, the following powers and
11 responsibilities:

12 a) *AI Job Classification Standards* – integrate AI-related roles into occupational
13 classification frameworks, which may include, but not limited to, the following:

14 i) Define AI-related occupations, roles, and skill levels across sectors (e.g.,
15 healthcare, finance, government, business process outsourcing,
16 manufacturing).

17 ii) Classify roles based on, skill level, education and training requirements,
18 and certifications (e.g., from TESDA, CHED, private institutions); and

19 iii) Link AI Job Classifications to Wage, Labor Standards, and Employment
20 Services.

21 b) *Advance Notification and Impact Assessment* – require all employers intending
22 to adopt or integrate AI systems, which may result in displacement,
23 retrenchment, or redundancy of employees to:

24 i) Submit a prior AI Deployment Impact Report detailing the nature of the
25 AI system, affected job functions, and estimated number of workers at
26 risk; and

27 ii) Notify the DOLE at least sixty (60) days prior to implementation.

28 c) *Regulation and Conditional Use* – develop a regulatory framework that will
29 mitigate the possible adverse effect to employees of the use of AI systems in
30 workplaces, including but not limited to:

31 i) Mandatory retraining, upskilling, or redeployment programs;

32 ii) Transition assistance packages for affected employees; and

- 1 iii) Proof of employer engagement with displaced workers on alternative
2 employment pathways.
- 3 d) *Tripartite Oversight and Consultation* - institutionalize a Tripartite AI and Labor
4 Transition Council, composed of representatives from the DOLE, employers'
5 organizations, labor groups, and civil society, to:
- 6 i) Review AI-related employment trends;
7 ii) Recommend policy safeguards to DOLE and NAIC; and
8 iii) Facilitate labor-management dialogue in sectors undergoing AI
9 transformation.
- 10 e) *Skills Mapping and Future-Proofing* – conduct regular labor market evaluation
11 to identify job categories at risk of automation and promote the following:
- 12 i) Proactive skills development aligned with emerging AI demands;
13 ii) Support for technical-vocational education, apprenticeships, and digital
14 skills training in collaboration with TESDA, CHED, and DepEd; and
15 iii) Government-led or subsidized upskilling for workers, especially in high-
16 risk industries.
- 17 f) *Employment Guarantee Mechanisms* – develop and pilot employment
18 guarantee schemes or public sector work programs for displaced workers due
19 to AI-induced changes in their employment.
- 20 g) *Monitoring and Enforcement* – develop a system for reporting and auditing AI-
21 induced layoffs, with sanctions for non-compliance including administrative
22 fines, revocation of business permits, or disqualification from government
23 incentives.

24 Sec. 19. *AI and Sustainable Innovation Hubs.* – Regional AI and Sustainable
25 Innovation Hubs shall be established in partnership with the NAIC, DOST research
26 centers, state universities and colleges (SUCs), and NAIC-accredited private
27 institutions.

28 The NAIC shall also support the creation of specialized training tracks, research
29 laboratories, public-private innovation hubs, and startup incubation programs to
30 encourage the growth of homegrown AI talent and Filipino-developed AI technologies.
31 Capacity-building efforts shall be inclusive, accessible, and aligned with national

development priorities. These hubs shall also promote innovation in the sectors of government.

Sec. 20. *Prohibited Acts and Penalties.* – Any person, whether natural or juridical, who commits any of the prohibited acts, without prejudice to civil and other criminal liabilities under existing laws, shall be subject to the following penalties:

a) *Development or Deployment of Unregistered AI Systems* – any person who develops, deploys, distributes, or makes commercially available any AI system without prior registration with the NAIC shall be punished with:

i) Revocation of business permit or licenses, and blacklisting from government procurement and AI development grants; and

ii) Impose a fine of Five Hundred Thousand Pesos (Php 500,000) to Five Million Pesos (Php 5,000,000) or imprisonment of six (6) months to three (3) years, or both, at the discretion of the court;

b) *Use of AI Systems to Commit, Facilitate, or Conceal Fraud, Crimes, or Cause Harm* – Any person who intentionally uses AI systems to commit fraud, facilitate or conceal crimes, or cause harm to life, liberty, property, or national security shall suffer:

i) Impose a fine of Two Million Pesos (Php 2,000,000) to Ten Million Pesos (Php 10,000,000) or imprisonment of six (6) years to twelve (12) years, or both, at the discretion of the court; and

ii) If the offense results in death, physical injury, or large-scale financial or reputational damage, penalties shall be imposed in their maximum period.

c) *Violation of Safeguards under this Act, or Rules and Regulations Issued by the NAIC or the AI Ethics Review Board* – Any person or entity that willfully violates administrative rules, technical standards, ethical guidelines, or reporting requirements issued by the NAIC or the AI Ethics Review Board shall be liable for:

i) An administrative fine of One Hundred Thousand Pesos (Php 100,000) to One Million Pesos (Php 1,000,000) per violation;

ii) Suspension or revocation of registration or certification of the AI system involved; and

- 1 iii) Mandatory compliance training or ethics audit as a condition for
2 reinstatement or continued operation.
- 3 d) *Failure to Disclose AI-Generated Content or Provide Required Disclaimers* – Any
4 person who knowingly fails to label or disclose AI-generated content,
5 particularly in sensitive contexts (e.g., political, medical, educational, or legal)
6 shall be penalized with:
- 7 i) Impose a fine of Three Hundred Thousand Pesos (Php 300,000) to One
8 Million Pesos (Php 1,000,000) or imprisonment of six (6) months to two
9 (2) years, or both, at the discretion of the court; and
- 10 ii) Platforms or publishers may be held administratively liable for failure to
11 implement monitoring or compliance protocols;
- 12 e) *Negligent Operation of Harmful or Malfunctioning AI Systems* – Any developer
13 or deployer who knowingly allows an AI system to continue operating after it
14 has exhibited harmful, unlawful, or unpredictable behavior shall be punished
15 with:
- 16 i) Impose a fine of Five Hundred Thousand Pesos (Php 500,000) to Three
17 Million Pesos (Php 3,000,000) or imprisonment of one (1) year to five
18 (5) years, or both, at the discretion of the court; and
- 19 ii) Permanent disqualification from holding any license to develop or
20 operate AI systems in the Philippines, subject to due process.
- 21 f) *Use of AI to Manipulate Public Opinion, Spread Disinformation, or Conduct*
22 *Unlawful Surveillance* – Any person who uses AI to create or disseminate
23 disinformation, conduct mass opinion manipulation (e.g., through bots,
24 deepfakes), or carry out surveillance without legal authority shall be punished
25 with:
- 26 i) Impose a fine of One Million Pesos (Php 1,000,000) to Five Million Pesos
27 (Php 5,000,000), or imprisonment of three (3) years to ten (10) years,
28 or both, at the discretion of the court; and
- 29 ii) Additional penalties shall apply if such acts are committed during election
30 periods, public emergencies, or in violation of constitutional rights;
- 31 g) *Misrepresentation of AI-Generated Content as Human-Made* – Knowingly
32 passing off AI-generated content (e.g., fake images, news articles,

endorsements, voice recordings) as human-made for purposes of deceit, manipulation, or commercial gain shall be penalized with:

- i) Impose a fine of Five Hundred Thousand Pesos (Php 500,000) to Two Million Pesos (Php 2,000,000) or imprisonment of six (6) months to three (3) years or both, at the discretion of the court.

The penalties above shall be imposed in their maximum period when any of the following circumstances are present:

- a) The offender is a public officer or government employee abusing official position;
- b) The violation targets minors, senior citizens, or other vulnerable groups;
- c) The offense is committed in relation to an electoral exercise or during a state of national emergency; or
- d) The AI system was used to commit multiple or repeated offenses.

Sec. 21. Appropriations. – The amount necessary for implementation of this Act shall be charged against the current year's appropriations of the DOST. Thereafter, such sums as may be necessary for the continued implementation shall be included in the annual General Appropriations Act.

Sec. 22. Implementing Rules and Regulations. – Within ninety (90) days from the effectivity of this Act, the DOST, DICT, and other relevant agencies shall promulgate the implementing rules and regulations.

Sec. 23. Separability Clause. – If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provisions not affected thereby shall remain in force and effect.

Sec. 24. Repealing Clause. – All law, presidential decree or issuance, executive order, letter of instruction, rule of regulation inconsistent with the provisions of this Act is hereby repealed or modified accordingly.

Sec. 25. Effectivity. – This Act shall take effect after fifteen (15) days following its complete publication in the Official Gazette or the newspaper of general circulation.

Approved,