Avoiding Checkmate

Become a Grandmaster of the EU AI Act: the plain-English guide for business leaders. Updated for the 2026 Digital Omnibus.

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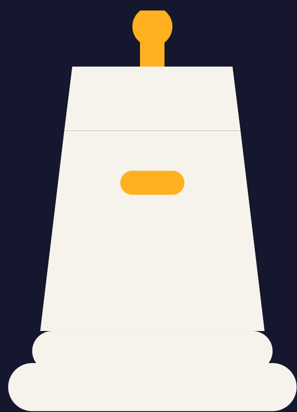

Avoiding Checkmate: Become a Grandmaster of the EU AI Act. The plain-English guide for business leaders.

This is a guide, not legal advice. It explains Regulation (EU) 2024/1689, the AI Act, as amended by Regulation (EU) 2026/1744, the Digital Omnibus on AI, in plain English for people who run businesses. This edition is accurate to September 2026. The law, and any amendment to it, is published in the Official Journal of the European Union at eur-lex.europa.eu; guidance, codes of practice and templates are published by the European Commission's AI Office at digital-strategy.ec.europa.eu. Check there before relying on a date or a status that may have moved. Before you make a decision that turns on the law, ask a lawyer who knows your facts. The author and publisher accept no liability for decisions taken on the basis of this book.

The organisations in this book are fictional. Hallam & Rook, Pemberton Building Society, Marchbank Lifts, The Arden Gazette, Larkspur Labs, Fellbrook District Council and Tilly's Tea Rooms do not exist. Any resemblance to a real organisation is accidental. Nothing described as happening to them has happened to anyone.

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Sources: Regulation (EU) 2024/1689 (Official Journal L, 12 July 2024); Regulation (EU) 2026/1744 (Official Journal L, 24 July 2026), in force 27 July 2026; the General-Purpose AI Code of Practice (10 July 2025). Full list at the back.

How to use this book

You do not need to know chess. You do not need to know law. You need forty minutes on a train and a willingness to be told, occasionally, that the thing you were worried about is fine and the thing you were not worried about is not.

The game. The AI Act is a rulebook. Chess is a game with a rulebook you already half know. This book uses one to explain the other: the parts of the Act are the pieces, the dates are the clock, the regulators are the arbiters, and the aim is to avoid checkmate. Chapter 1 sets it out in one spread; after that, each chapter uses only its own piece.

Two reading levels. The body of every chapter is plain English with no Article numbers in it at all. At the end of every chapter, a small-print box called the Lawyer's corner lists the Articles for anyone who wants to check. You can read the whole book without ever opening it. Your lawyer will read only that box, and be irritated by everything else.

The furniture. Every chapter has the same parts, in the same order: a one-sentence summary (Say it simply), the chapter itself, stories from a fictional cast of seven organisations, each with its own coloured badge (the Casebook), what the 2026 rule change did to that part of the law (Rule update 2026), one mistake real businesses make (Blunder to avoid), things you can do this month (Your move), a puzzle (Mate in one), five quiz questions, when to call a lawyer (Consult the arbiter), and the Lawyer's corner.

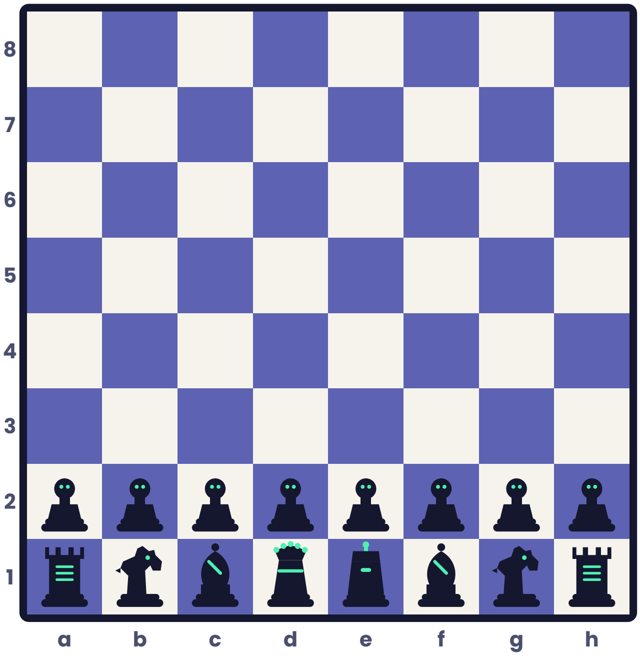
The answers to every puzzle, quiz and the twelve-case test are at the back, with the reason and the Article. Nothing is printed upside down. You are an adult. The sources, with the Official Journal references, are at the back too.

The Decoder at the back explains every Annex and acronym in one line each. The short version: the Annexes are lists appended to the law. Annex I is a list of product laws, Annex III is a list of sensitive uses, and the rest are paperwork. Nobody needs to be afraid of a list.

Dates. This edition is accurate to September 2026. The law's next big date is 2 December 2026. If you are reading this after that, check EUR-Lex and the AI Office's pages before you rely on a date.

The board at a glance

This page is Chess: The AI Act Framework™. Every piece is a part of the Act. Keep it open while you read Chapter 1; after that you will not need it, which is rather the point.



The arbiter. National market surveillance authorities for AI systems; the Commission's AI Office for general-purpose models and, since July 2026, for a defined class of systems.

Your business and the leader accountable for it
The piece you cannot lose

General-purpose AI models
Moves in every direction, under everything else

The two routes into high risk
Two independent routes; check every system against both

Transparency duties
The rule that jumps

The seven requirements and the provider's process
The piece you castle with

Minimal-risk AI: most systems, most of the time
Many, ordinary, and one can be promoted

THE CLOCK, AS AMENDED

2 Feb 2025	Prohibited practices apply	
2 Aug 2025	General-purpose model rules apply	
2 Aug 2026	Transparency duties and penalties apply	
2 Dec 2026	Two new prohibitions; marking deadline	NEW
2 Dec 2027	High-risk rules for listed uses (was 2 Aug 2026)	MOVED
2 Aug 2028	High-risk rules for regulated products (was 2 Aug 2027)	MOVED

F0.1 The board at a glance. Pieces, parts of the Act, the clock as amended, and the arbiter.

Part I
Learn the board

CHAPTER 1

Why chess

By the end of this chapter you can explain the whole AI Act in one sentence, name the five questions to ask about any AI system, and say what checkmate would look like for your business.

THE KING

> **SAY IT SIMPLY**
>
> **The AI Act is a rulebook for a game you are already playing; chess gives you a way to remember the rules, and the aim is to avoid checkmate.**

A board meeting, a Tuesday

Somebody says “AI Act” in a board meeting. It is usually said the way people say “asbestos”: quietly, as a thing that will need dealing with, by someone else, later. Then the room does one of two things. It decides the Act is a European ban on artificial intelligence and resolves to feel oppressed. Or it decides the Act is a European thing about robots and resolves to feel nothing at all. Both are wrong, and the second one is more expensive.

Here is what the AI Act actually is. It is a rulebook. It sorts AI systems into tiers by what they are used for, bans a short list of uses outright, puts conditions on a longer list, asks a few things of nearly everyone, and tells you who checks. It has dates, and in July 2026 the European Union moved some of them. It has fines, and they are large. It has referees, and since July one of them has teeth of its own.

That is a lot to hold in your head. Rulebooks are like that. Which is why this book borrows a game whose rulebook you already half know.

Why a game, and why this one

You know how chess works even if you have never played it. There are pieces of different value. They move in different ways. There is one piece you must protect. There is a clock. There are illegal moves, which you simply may not make. There is an arbiter. There is check, which you must answer, and checkmate, which you cannot. And there is stalemate, which is what happens when the player with more pieces freezes and does nothing.

The AI Act maps onto that game with almost indecent tidiness. The mapping has a name, Chess: The AI Act Framework™, and it is the spine of this book.

The board is the EU market. If your AI system is sold there, used there, or its output is used there, you are on the board. Where you sit while you play does not matter. A firm in Texas with a client in Toulouse is on the board.

The king is your business, and the person accountable for it. Every other piece exists to keep the king safe. You do not need the king to be powerful. You need it not to be caught.

The pawns are the ordinary AI systems, which is to say most of them. Spam filters, forecasting tools, the thing that suggests a reply to an email. The Act barely touches them. But a pawn that reaches the far end of the board is promoted, and becomes something with very different rules. A chatbot that starts making decisions about people's loans is a pawn that has just reached the last rank.

The knights are the transparency duties: the rule that your chatbot must say it is a chatbot, that generated pictures must carry a mark, that a deep fake must be labelled. Knights jump. These rules land where you did not expect them, on the marketing department, mostly.

The bishops are the two routes into high risk. One route is about the product your AI sits inside; the other is about what your AI is used for. Two bishops on different colours: each route has its own test, its own certifier and its own date, and you check a system against both.

The rooks are the solid, square, unglamorous duties of building a high-risk system properly: the seven requirements and the file that proves you met them. They are also the piece you castle with.

Castling is the special move that makes your king safe. In this book it is certification: showing your high-risk system meets the requirements, declaring so, marking it, and registering it. Like castling, it is allowed only when the conditions are met and the path is clear.

The queen is the general-purpose AI model: the kind of model that sits under chatbots and can do almost anything. The queen moves in every direction and sits under everything else on the board, and she carries her own rules wherever she goes, whatever anyone builds on top of her.

Illegal moves are the prohibited practices. There are eight of them today and there will be ten from 2 December 2026. You may not make them. The game does not continue if you do; it stops, and the arbiter reaches for the fine schedule.

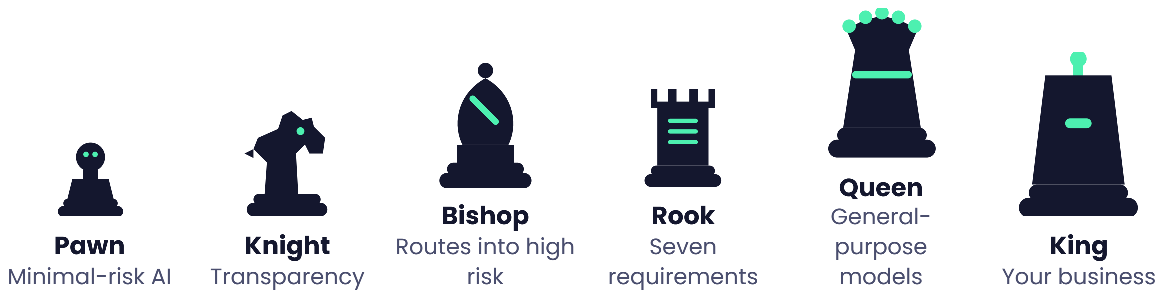
The clock is the dates. The 2026 rule change, which this book calls the rule update and everyone else calls the Omnibus, reset the clock for the high-risk rules. It did not stop it. The flag still falls.

Check is a letter from a regulator. You must respond. Ignoring it is not a move.

Checkmate is the position you cannot get out of: a fine, a forced withdrawal of your system, a lost public contract because you could not show compliance, a headline with your name in it.

Stalemate is the one the board did not expect to hear about. Stalemate is deciding the whole thing is too big, too vague and too far away, and doing nothing. It is not a draw. It is a board frozen by fear while your competitors keep moving.

The arbiter is whoever polices the rules. For most AI systems that is a national regulator in each Member State. For general-purpose models, and since July 2026 for a defined class of AI systems, it is the European Commission's AI Office, which now has the power to fine you directly.



F1.1 The pieces and their parts of the Act. Power rises from left to right, and so does the paperwork.

That is the whole system. If you remember nothing else from this book, remember this sentence, which is the sentence the rest of the book exists to earn: **the tier follows the use, the duty follows the role, and the date**

follows the tier. Work out what a system is used for, and you have its tier. Work out whether you built it or merely use it, and you have your duties. Look up the tier on the clock, and you have your deadline.

The five questions

Everything a business leader needs from the Act comes down to five questions about each AI system. Ask them of your chatbot, your recruitment tool, your forecasting spreadsheet with the clever add-in, and the thing procurement bought last spring without telling anyone.

1. **Does the Act apply to us?** Almost certainly, and usually in more than one role. Chapter 2.
2. **Which tier is this system in?** Banned, high risk, transparency, or minimal. Chapter 4, then Chapters 5 to 8.
3. **What must we do, and by when?** The rooks, castling, the deployer's list, and the clock. Chapters 9 to 13.
4. **Who in the business owns it?** A name, not a department. Chapter 15.
5. **What happens if we get it wrong?** The arbiter and the fines. Chapter 14.

Five questions, per system. If you have thirty AI systems, that is a hundred and fifty answers, and most of them will be short, because most of your systems are pawns. The Act is not designed to bury you. It is designed to find the handful of systems in your business that can actually hurt someone, and to make you take those seriously. On that, at least, you and the regulator want the same thing.

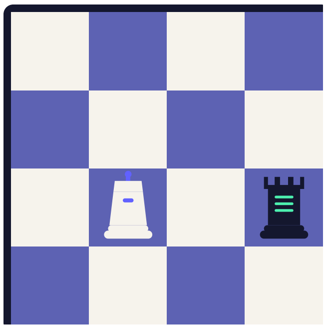
What checkmate looks like

Let us be concrete about losing, because vague fear is what produces stalemate.

The top tier of fine, for a prohibited practice, is up to 35 million euros or 7 per cent of worldwide turnover, whichever is higher. The middle tier, for most other breaches, is up to 15 million euros or 3 per cent. For misleading a regulator, up to 7.5 million or 1 per cent. If you are a small business, the lower of the two figures applies rather than the higher, which is a mercy the 2026 rule update extended to mid-sized firms as well.

But fines are the checkmate you can see coming. The others are quieter. A regulator can order a system withdrawn from the market, which for a software company is the product. A public body can decline your tender because you cannot show a compliance file. A client can walk because your contract does not say what the Act now requires it to say. A journalist can ask why your recruitment tool was never assessed, and print your answer.

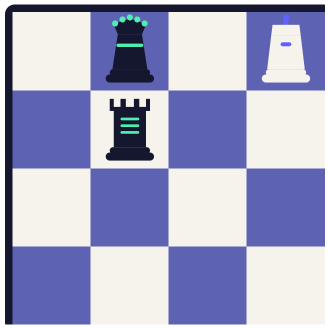
Check



A REGULATOR'S NOTICE

The rook attacks along the rank. You must respond; ignoring it is not a move.

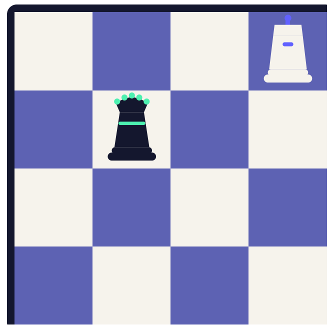
Checkmate



A FINE, A WITHDRAWAL

In check from the queen, every escape covered. The position you cannot get out of.

Stalemate



DOING NOTHING

Not in check, and no legal move. Not a win: a board frozen while competitors move.

F1.2 Check, checkmate and stalemate. One of these is a letter you answer. One is a position you cannot leave. One is a choice.

None of these requires the regulator to be clever. They require you to have done nothing, which is the easiest thing in the world to do about a law that seems to live in Brussels and apply in 2027.

What winning looks like

Winning is duller than losing, as it usually is. Winning is a list of every AI system you build or use, with a tier and an owner beside each one. It is a file for the handful of systems that are high risk, built before the deadline rather than after the letter. It is a chatbot that says what it is. It is a supplier contract with the right clauses in it. It is a board that has asked eight questions and got answers. It is, in the end, being able to sell into the biggest single market on earth with a product nobody can knock off the board.

The Act rewards boring competence. This is unusual for a regulation and worth savouring.

Meet the cast

Seven organisations carry this book. They are made up, and I have labelled them so, because the alternative is being sued by a real building society. Each has a coloured badge, so you can follow a story by its colour. The chess pieces are reserved for the law; the cast are the players.

HR **Hallam & Rook**
A mid-sized firm that builds an HR screening tool, runs a chatbot and fine-tunes a model. Provider and deployer at once.

PBS **Pemberton Building Society**
A regional lender and insurer. Credit scoring and life cover: the use route into high risk.

ML **Marchbank Lifts**
A lift manufacturer. Door-safety software: the product route into high risk.

TAG **The Arden Gazette**
A regional news publisher. AI drafts, a synthetic voice, generated pictures: transparency.

LL **Larkspur Labs**
A start-up that releases a general-purpose model. The queen, and her own rules.

FDC **Fellbrook District Council**
A local authority. Benefits, emergency calls and a police proposal: the king with the least room to move.

TTR **Tilly's Tea Rooms**
A three-site cafe chain. A booking bot and a spam filter: the pawn that nearly got promoted.

F1.3 The cast. Seven fictional organisations, one law.

Hallam & Rook is the lead: a mid-sized firm that builds an HR screening tool, runs a customer chatbot, and has fine-tuned a general-purpose model into a legal research assistant. It is a provider of one thing and a user of others, which makes it exactly like your business, whatever your business is. The rest of the cast turn up where their situation teaches something Hallam & Rook cannot.

HR

CASEBOOK

Hallam & Rook

The Tuesday board meeting was at Hallam & Rook. The managing director, Priya Kellaway, had been asked by the chair whether “this AI Act thing” applied to the firm. She had said she would find out, which is what one says.

She found out in about an hour, and the answer was untidy. The firm was on the board three times over. It built and sold a screening tool that ranked job applicants, which put it in the high-risk tier as the tool’s maker. It used that same tool on its own vacancies, which put it in a second role, as a user, with a different list of duties. And it had a customer chatbot which nobody had ever told to announce itself.

“So we’re a provider and a deployer,” she said to the head of product, who nodded in the way people nod when they have learned two new words and do not yet like either of them.

Her decision, that afternoon, was the right first move and the cheapest: a list. Every AI system in the firm, what it did, who owned it, and one column for the tier, left blank. The blanks are what the next thirteen chapters are for.

RULE UPDATE 2026

High-risk rules, listed uses	~~2 August 2026~~ **2 December 2027** ✓	MOVED
High-risk rules, regulated products	~~2 August 2027~~ **2 August 2028** ✓	MOVED
Two new prohibited practices	**2 December 2026** ✓	NEW
The requirements, the tiers and the fines	**as adopted in 2024** ✓	UNCHANGED

Struck through: before the update. Ticked: now.

BLUNDER TO AVOID

Believing either of the two things the board wanted to believe. The Act does not ban AI: it bans eight uses, ten from December, and most of them you were not planning. And it does not apply “later”: the bans, the transparency duties, the model rules and the fines apply now. Only the high-risk regime is still on the clock. Neither belief costs anything today. Both cost a great deal in 2027.

YOUR MOVE

- [ ] Write down every AI system your business builds or uses. One line each. Include the ones procurement bought and the ones marketing signed up for on a credit card.
  Owner: _____________ By: _____________
- [ ] Put a name, not a department, beside each one.
  Owner: _____________ By: _____________
- [ ] Diarise two dates: 2 December 2026 and 2 December 2027. Chapter 13 explains both.
  Owner: _____________ By: _____________
- [ ] Read Chapter 2 before the next board meeting, so the answer to "does it apply to us" is a sentence rather than a shrug.
  Owner: _____________ By: _____________

MATE IN ONE

A German software firm sells its AI tool to a client in Spain. The system runs entirely on servers in Texas and the firm has no office in the EU. Is it on the board?

Answer at the back.

CHAPTER 1 QUIZ

1. What does the Act mainly sort AI systems by?

A. The technology they use
B. How they are used
C. The size of the company
D. The country they were built in

2. Which of these can regulators impose directly under the Act?

A. A fine of up to 35 million euros or 7 per cent of worldwide turnover
B. Prison for the directors
C. Confiscation of the company's domain name
D. A ban on the company using any AI at all

3. What did the 2026 rule update (the Omnibus) change?

A. The seven requirements for high-risk systems
B. The dates, the paperwork and who enforces
C. The fine amounts
D. The definition of an AI system

4. Since when have the prohibited practices applied?

A. 1 August 2024
B. 2 February 2025
C. 2 August 2026
D. 2 December 2027

5. In this book, stalemate means:

A. Winning on points
B. Doing nothing because the law feels too big
C. A draw agreed with the regulator
D. A deadline that has been frozen

Answers at the back, with the Article and a line of reasoning.

CONSULT THE ARBITER

If your business is a public body, a bank, an insurer, a hospital, or anything else with its own regulator already, that regulator will have views on how the AI Act meets the rules you live under. Ask them early. Regulators, like arbiters, prefer to be consulted before the move rather than after it.

I have been told the Act applies to us. Nobody has told me what to do.

It will, over the next fourteen chapters. Mostly it is lists, and you are good at lists.

LAWYER'S CORNER

Purpose and structure: Articles 1 and 2. Definitions: Article 3. Prohibited practices: Article 5 (points (ba) and (bb) inserted by Regulation (EU) 2026/1744, applying from 2 December 2026 under Article 113(a) as amended). High-risk classification: Article 6 with Annexes I and III. Transparency: Article 50. General-purpose models: Chapter V. Penalties: Article 99 (SME and small mid-cap caps in Article 99(6) and (6a)); AI Office fines under Articles 75c and 101. Dates: Article 113 as amended by Regulation (EU) 2026/1744, Article 1(40); transitional rules in Article 111. The rule update's own statement that it does not lower protection: Regulation (EU) 2026/1744, recital 2.