Tab 1

Area	Carrot(s) to reward above-minimum compliance	Stick(s) to punish non-compliance	Viability	Expected impact on company behaviour if implemented
Model release	UK model release permitted	Model prevented from being accessed in the UK	Medium - This is the default for non-compliant products but it's hard to stop people using VPNs	High - This loses the company a non-negligible amount of income
Access to other markets	Automatic (partial) compliance with regulation in other countries	Model release prohibition is coordinated with other countries	Medium - It will be challenging to agree this with the EU or US	High - This would lose the company a lot of income
Financial incentives and penalties	Tax breaks, R&D subsidies	Fines	High - Fines are a common disincentive. Tax breaks may be more challenging.	High - If fines are large enough then companies will adjust their decisions to avoid them.
Personal liability	n/a	Jail time and professional bans for company executives	High - There is precedent from the financial sector	High - Executives don't want to go to jail.
Public procurement	Going above minimum regulatory requirements becomes a factor in AI public procurement frameworks	Company blocked from bidding on all public contracts	High - This seems straightforward to implement and the Public Procurement Act permits this.	High - Public contracts often involve large sums of money
Wider regulatory requirements	Less strict interpretation of GDPR requirements	Increased restrictions on acquisitions and mergers	Low - It will be hard for an AI regulator to coordinate this with other regulators	Medium - Given the limitations on how far this could go, it's unlikely to provide a strong incentive
Burden of compliance monitoring	If a company has a history of always being compliant then they are subject to fewer audits.	If non-compliance is found then the frequency of future audits increases.	High - This is a decision that an AI regulator will likely be able to make at their discretion	Medium - Monitoring and report is unlikely to require major resources from the company
Speed of future approvals	Fast tracked approvals	Slower approvals due to increased scrutiny or less regulator resource given to them	Low - Doesn't work if the system isn't banned by default	Medium - If this is relevant then companies likely care a lot about being able to release models quickly
Public image	Public praise from politicians, compliance certifications	Public criticism, non-compliant companies noted in accountability reports	High - Although it may look weak if praise is being given for compliance with the legal baseline	Medium - This could impact profits if the non-compliance is egregious and the public decides that the company has acted recklessly
Access to UK resources (e.g. UK Biobank, data gathered from UK consumers, cloud services, data centres)	Priority access	Restricted access	Medium - Blocking access to UK cloud services seems viable but it will be difficult to enforce deletion of UK consumer data	Low - UK resources probably aren't worth that much to AI companies
Access to talent	Lower bar for talent visas	Restrict talent visas for non-compliant companies	Low - It will be challenging for an AI regulator to coordinate this with the Home Office and the UK wants to attract talent	Low - There is a lot of domestic talent in the UK.
Regulatory fees	Offer reduced regulatory fees for approvals	Higher regulatory fees	Medium - There might not be regulatory fees for AI regulation	Low - Fees will be small relative to company overheads.