

# CMA proposes seven principles for competition in AI foundation models

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Press release

Proposed principles to guide competitive AI markets and protect consumers

CMA publishes report and proposed principles following review of foundation models

From:

Competition and Markets Authority

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Credit: iStock

The Competition and Markets Authority (CMA) has today published a report following its initial review of foundation models (FMs) and has proposed principles which aim to ensure consumer protection and healthy competition are at the heart of responsible development and use of FMs.

FMs are artificial intelligence (AI) systems with broad capabilities that can be adapted to a range of different, more specific purposes. Recent developments in FMs and their rapid adoption across several user applications (such as ChatGPT and Office 365 Copilot), highlight their potential to spur innovation and economic growth. FMs have the potential to transform how we live and work, as well as a range of industries – these changes can happen quickly and have a significant impact on people, businesses, and the UK economy.

The CMA's report highlights how people and businesses stand to benefit if the development and use of FMs, works well. This could be through new and better products and services, easier access to information, scientific and health breakthroughs, and lower prices. The impact of FMs could also allow a wider range of firms to compete successfully and challenge existing market leaders. This vibrant competition and innovation would benefit the economy as a whole – helping to increase productivity and generate economic growth.

The report also cautions that if competition is weak or developers fail to heed consumer protection law, people and businesses could be harmed. For example, people could be exposed to significant levels of false and misleading information and AI-enabled fraud. In the longer term, a handful of firms could use FMs to gain or entrench positions of market power and fail to offer the best products and services and/or charge high prices.

While there are other important questions raised by FMs – copyright and intellectual property, online safety, data protection, security and more – these were not included in the scope of the CMA's initial review which focussed on competition and consumer protection concerns.

The proposed principles published today aim to guide the ongoing development and use of FMs to help people, businesses, and the economy fully benefit from the innovation and growth FMs can offer. The principles draw on lessons learned from the evolution of other technology markets and how they might apply to FMs, as they are developed.

The proposed guiding principles are:

Accountability – FM developers and deployers are accountable for outputs provided to consumers.

Access – ongoing ready access to key inputs, without unnecessary restrictions.

Diversity – sustained diversity of business models, including both open and closed.

Choice – sufficient choice for businesses so they can decide how to use FMs.

Flexibility – having the flexibility to switch and/or use multiple FMs according to need.

Fair dealing – no anti-competitive conduct including anti-competitive self-preferencing, tying or bundling.

Transparency – consumers and businesses are given information about the risks and limitations of FM-generated content so they can make informed choices.

Over the coming months, the CMA will undertake a significant programme of engagement with a wide range of stakeholders across the UK and internationally, to develop these principles further, working together to support the positive development of these critical markets in ways that foster effective competition and consumer protection for the benefit of, people, businesses, and the economy.

Sarah Cardell, CEO of the CMA, said:

“The speed at which AI is becoming part of everyday life for people and businesses is dramatic. There is real potential for this technology to turbo charge productivity and make millions of everyday tasks easier – but we can’t take a positive future for granted. There remains a real risk that the use of AI develops in a way that undermines consumer trust or is dominated by a few players who exert market power that prevents the full benefits being felt across the economy.

“The CMA’s role is to help shape these markets in ways that foster strong competition and effective consumer protection, delivering the best outcomes for people and businesses across the UK. In rapidly developing markets like these, it’s critical we put ourselves at the forefront of that thinking, rather than waiting for problems to emerge and only then stepping in with corrective measures.

“That’s why we have today proposed these new principles and launched a broad programme of engagement to help ensure the development and use of foundation models evolves in a way that promotes competition and protects consumers. While I hope that our collaborative approach will help realise the maximum potential of this new technology, we are ready to intervene where necessary.”

An update on the CMA’s thinking, including how the principles have been received and adopted, will be published in early 2024. For more information, visit the artificial intelligence case page .

Note to editors:

To inform its thinking, the CMA engaged with over 70 stakeholders, including a range of FM developers, businesses deploying FMs, consumer and industry organisations and academics. It gathered information directly from stakeholders as well as considering publicly available information, including the latest AI research.

The CMA’s principles will inform the CMA’s approach to the development and use of AIs including when it assumes new responsibilities under the Digital Markets, Competition and Consumer Bill currently going through Parliament.

As part of its programme of engagement, the CMA will speak to a wide range of people to seek views, including:

Consumer groups and civil society representatives

Leading FM developers such as Google, Meta, OpenAI, Microsoft, NVIDIA and Anthropic

Major deployers of FMs

Innovators, challengers and new entrants

Academics and other experts

Governments

Fellow regulators, in the UK including via the Digital Regulators

Cooperation Forum, and further afield with our international counterparts.

The CMA has taken steps to ensure it is proactive and forward-looking in building its understanding of new technologies and emerging markets. This includes the development of its internal horizon scanning capabilities to identify new and emerging technologies and trends in digital markets. Foundation models were prioritised in the CMA’s 2022 scan of important future technological developments.

In March 2023, the UK Government published its white paper on AI , putting forward a pro-innovation and proportionate approach to the regulation of AI. The CMA responded to the paper and launched its initial review into foundation models earlier in the year.

All media enquiries should be directed to the CMA press office by email on [press@cma.gov.uk](mailto:press@cma.gov.uk) , or by phone on 020 3738 6460.

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