PUBLIC CONSULTATION FEEDBACK:
PROPOSED ARTIFICIAL INTELLIGENCE (AI) GOVERNANCE BILL
FULL QUESTIONNAIRE DOCUMENT

As part of a series of consultations, **the National AI Office (NAIO)** is currently seeking public feedback and input on the proposed **AI Governance Bill** to establish a comprehensive, coherent, and future-ready AI governance framework in Malaysia. This initiative is designed to keep pace with rapid advancements in digital technology and the growing deployment and adoption of Artificial Intelligence (AI) across various industries.

The proposed Bill aims to introduce central institutional oversight, establish principle-based national baselines, and implement a risk-based framework to ensure proportionate regulation. By clearly defining the roles and accountabilities of different AI actors, the framework seeks to foster a safe, responsible, and trustworthy AI ecosystem that balances robust technological innovation with public safety and national interests.

Your feedback is vital to ensure that the proposed framework remains practical and well-aligned with the needs of the industry, developers, deployers, and the general public.

Instructions:

Please refer to the provided documents **“AI Governance Bill Public Consultation Paper” & "Summary of the Proposed AI Governance Bill"** before submitting your responses.

This questionnaire is organised according to the six focus areas of the proposed AI Governance Bill. If you prefer to review the complete consultation paper and full set of questions, these are available on the Unified Public Consultation (UPC) portal.

Within the google form linked, you will be presented with each of the six focus areas in sequence. For each focus area, you may choose whether or not to provide feedback.

- **Estimated time to complete full form:** 45 minutes
- **Closing date & time:** Friday, 31 July 2026, 5:00pm

We kindly request that all feedback be submitted through the provided Google Form:
https://forms.gle/ZR7dbYBbMZmhBfxTA

Privacy Note:

The information provided will be used exclusively for the purpose of public consultation analysis by NAIO. Respondents may choose to remain anonymous unless they provide contact details in which they may be contacted by the AI Policy Team for further clarification on submission.

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Focus Area 1:
AI Governance Architecture

This section seeks your views on the proposed AI Governance Architecture under the Bill. The Bill proposes establishing a **Central AI Authority** to coordinate AI governance across different sectors in Malaysia.

For ease of reference, **AI Governance Architecture** refers to the institutional framework established under the Bill, comprising the Central AI Authority and Sectoral Leads. The Central AI Authority is proposed to perform three (3) core functions, namely AI Safety Functions, Investigation and Enforcement Functions, and AI Enablement Functions, and may appoint Sectoral Leads to support the implementation of the AI governance framework within their respective sectors.

Sectoral Leads are proposed to be public bodies, which may include existing regulators, that are appointed and delegated specific powers under the Act to support the implementation of the AI governance framework within their specific sector.

The following questions seek your feedback on the proposed AI Governance Architecture, institutional arrangements, and implementation approach. For further information on the proposed AI Governance Bill, please refer to our Public Consultation Paper.

No.	Questionnaires
1.	How important is having a single national coordination mechanism for AI governance? *Please rate your response using a scale of **1 (Not Important)** to **5 (Very Important)**.* 4
2.	How important is clear coordination between the Sectoral Leads and industry in supporting responsible AI adoption? *Please rate your response using a scale of **1 (Not Important)** to **5 (Very Important)**.* 5
3.	What are your organisation's current practices for engaging with regulators on AI-related matters? *Please put **N/A** if not applicable.* For finance sector, we refer to technology risk management guidelines (i.e. BNM RMIT-PD and TR-PD, SC TRM) which may or may not address AI risks directly.
4.	How do you currently manage compliance across multiple regulators or sectors? *Please put **N/A** if not applicable.* N/A for us as industry association (Generative AI Association of Malaysia)

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5.	The Bill proposes that the Central AI Authority will undertake three (3) core functions: • AI Safety; • AI Investigation and Enforcement; • and AI Enablement. Public Education, because AI will worsen the nation's "digital divide" and disadvantage marginal segments of society who don't know how to use it (like the elderly or uneducated) or lack access to it. AI could also exploit vulnerable groups (e.g. children and young women). What additional roles or functions should a Central AI Authority consider to support Malaysia's AI governance ecosystem?
6.	What specific functions or responsibilities should Sectoral Leads have under the Bill to support effective AI governance within their respective sectors and coordination with the Central AI Authority? Administrative enforcement actions (AEA)
7.	What considerations should be taken into account when establishing a Central AI Authority responsible for coordinating AI governance across multiple sectors? *Select all that apply.* ☐ Clear mandate and scope of responsibilities ☒ Appropriate coordination mechanisms with existing regulators ☒ Sufficient technical and policy expertise ☐ Ability to respond to emerging AI developments ☒ Avoidance of duplication with existing sectoral functions ☐ Adequate resources and institutional capacity ☒ Clear accountability and reporting mechanisms ☐ Other: _____
8.	Which implementation challenges do you anticipate under the proposed AI Governance Architecture? *Select all that apply.* ☒ Limited regulatory clarity ☒ Lack of practical guidance ☒ Limited technical expertise ☐ Resource constraints ☒ Coordination across regulators ☒ Coordination within organisations ☐ Compliance costs ☒ Different sectoral requirements ☒ Limited awareness ☐ Other: _____
9.	What additional guidance, governance tools or implementation support would assist your organisation in complying with the proposed AI Governance Architecture? Is it possible to create a standard or recommended allowlist (or pre-approved whitelist) of AI tools to make it easier for compliance by the public? Those that deploy or develop with frontier models can be subject to more vetting.

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10.	Do you have any additional recommendations on the implementation and operationalisation of the Central AI Authority?

A "sunrise phase" (transition period) for local developers and deployers to adapt and familiarise how the Bill is implemented in practice and who the new authorities are going to be, since there's a lot of uncertainty how the new laws will unfold.

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Focus Area 2:
Scope of the Bill

This section seeks your views on the proposed definitions and scope of the Bill. Clear and consistent definitions are intended to support a common understanding of AI Systems, AI Lifecycle activities, and the roles and responsibilities of different AI actors. Together with the proposed scope of the Bill, they aim to support consistent interpretation and implementation across sectors.

No.	Questionnaires
1.	What existing frameworks does your organisation currently refer to when determining whether a system qualifies as AI and how AI-related roles (Developer and Deployer) are identified? Common industry definitions or EU AI Act. However, there's no universally accepted or statutory definition for "AI agent."
2.	How important are clear legal definitions in providing regulatory certainty for organisations developing, deploying or using AI Systems? *Please rate your response using a scale of **1 (Not Important)** to **5 (Very Important)**.* 5
3.	What are your views on the proposed definitions and scope of application under the AI Governance Bill? We are cautiously optimistic or circumspect as the Bill is principle-based and may be arbitrarily interpreted.
4.	Which implementation challenges do you anticipate when applying the proposed definitions within your organisation? *Select all that apply.* ☒ Determining whether a system qualifies as an AI System ☐ Distinguishing between Developers and Deployers ☒ Applying definitions consistently across business units ☒ Identifying AI Systems throughout their lifecycle ☐ Aligning with existing governance or compliance processes ☒ Lack of internal expertise ☒ Need for additional implementation guidance ☐ None ☐ Others: _____
5.	Beyond the proposed definitions and scope, are there any additional considerations or exemptions that should be incorporated? It's important to have exemptions for academic or scientific R&D, not just AI for personal use and national security (defence)
6.	What local or international standards, frameworks or approaches that can guide the development of AI-related definitions in Malaysia? Proportionality (rules are suitable, necessary, balanced and should not exceed what is required to achieve a goal); and Parity (applying equal rules, standards, and safety requirements across similar activities between big or small players)

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7.	What additional guidance or supporting materials would assist your organisation in applying the definitions consistently? The legislation should cascade into regulations or technical guidelines that provide illustrations or case studies to show what applies and what doesn't
8.	Please provide any additional recommendations on the implementation and operationalisation of the definitions and scope of the Bill? Corporate and personal liability frameworks

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Focus Area 3:
AI Governance Principles

This section seeks your views on the proposed AI Governance Principles under the Bill. The Bill proposes five (5) AI Governance principles which guide the responsible development, deployment, and use of AI Systems throughout the AI Lifecycle. These principles are as follows:

- **Principle 1:** Protecting, promoting, and preserving human dignity by upholding human agency and safeguarding human rights;
- **Principle 2:** Transparency and explainability proportionate to risk and impact;
- **Principle 3**: Clear accountability through traceability and effective redress;
- **Principle 4**: Safe and secure use through robust and resilient AI Systems; and
- **Principle 5**: Responsible data governance and stewardship in relation to AI Systems.

No.	Questionnaires
1.	What are your views on the proposed AI Governance Principles under the AI Governance Bill? Although there are benefits of having fully principles-based legislation to make it adaptive to changes, the industry would appreciate some prescriptive-based guidance for clarity.
2.	To what extent are these principles already reflected within your organisation's AI governance, development, procurement, deployment, or use of AI Systems? *Select one response* ☐ Not at all ☐ To a small extent ☒ To some extent ☐ To a great extent ☐ Fully implemented ☐ Not applicable
3.	To what extent do you agree that implementing AI Governance Principles can strengthen responsible AI innovation and adoption? *Select one response* ☐ Strongly Disagree ☐ Disagree ☐ Neutral ☒ Agree ☐ Strongly Agree
4.	Do you recommend adding, revising or removing any of the proposed AI Governance Principles? Please provide your reasons.

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5.	Which implementation challenges do you anticipate in operationalising the AI Governance Principles? *Select all that apply.* ☒ Limited internal expertise ☒ Lack of implementation guidance ☐ Resource constraints ☒ Technical complexity ☒ Difficulty measuring compliance ☒ Governance coordination ☐ Legacy systems ☐ Data quality ☒ Staff awareness ☐ Balancing innovation with governance ☐ Other: _____
6.	What additional guidance or governance tools would assist your organisation in implementing the proposed AI Governance Principles? What does a KYC due diligence (compliance programme) look like for AI i.e. Know Your AI or Know Your Agent (KYA)?
7.	Please provide any additional comments or recommendations regarding the proposed AI Governance Principles under the AI Governance Bill. The newly passed Cybercrimes Bill (replacing the Computer Crimes Act) include some AI provisions. Will the AI Governance Bill (and a central AI authority) overlap with it?

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Focus Area 4:
AI Risk Framework

This section seeks your views on the proposed AI Risk Framework. The Framework is intended to promote responsible AI adoption and innovation while safeguarding individuals, organisations, and society from AI-related harms.

No.	Questionnaires
1.	To what extent does your organisation currently assess AI-related risks before developing, procuring, deploying or using AI Systems? *Select one response* ☐ Never ☐ Rarely ☐ Sometimes ☐ Often ☑ Always ☐ Not applicable
2.	How does your organisation currently identify, assess, classify, and manage AI-related risks or harms?
3.	How confident is your organisation in its ability to assess and classify AI-related risks? 5 (Very Important) *Please rate your response using a scale of **1 (Not Important)** to **5 (Very Important)**.*

Answer 2.
Our organisation adopts a risk-based approach to identify, assess, classify, and manage AI-related risks through governance, technical evaluation, human oversight, and continuous monitoring aligned with international best practices.

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4.	Which AI risks are currently considered by your organisation? *Select all that apply* ☐ Privacy and data protection ☑ Cybersecurity ☑ Bias and discrimination ☐ Accuracy and reliability ☐ Safety risks ☐ Human oversight ☐ Explainability ☐ Intellectual property ☐ Consumer protection ☐ Reputational risk ☑ Legal and regulatory compliance ☐ Environmental impact ☑ Fundamental rights ☐ We do not currently conduct AI risk assessments ☐ Others: _____
5.	What are your views on the proposed AI Risk Framework as the basis for managing AI-related risks in Malaysia?
6.	The Bill proposes a harm-anchored approach to AI risk by focusing on the following categories of harm: 1. Death 2. Bodily injury 3. ☑ Unlawful deprivation of fundamental liberty anchored to the Federal Constitution 4. Contravention of any written law What are your views on the proposed categories of harm? Are there any additional categories of harm or refinements that should be considered?
7.	What risks or unintended consequences could arise from the proposed AI Risk Framework and how might these be mitigated?
8.	Which implementation challenges do you anticipate when applying the proposed AI Risk Framework? *Select all that apply* ☑ Lack of technical expertise ☑ Difficulty classifying AI risks ☐ Limited guidance ☐ Resource constraints ☑ Compliance costs ☑ Rapid technological developments ☐ Different sector-specific requirements

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	☐ Limited internal governance ☑ Difficulty assessing third-party AI Systems ☐ Other: _____
9.	Beyond the proposed risk framework, are there any additional risk categories, safeguards, implementation considerations, or governance measures that should be incorporated?
10.	Please provide any additional comments or recommendations regarding the proposed AI Risk Framework.

Answer 5.
We support the proposed AI Risk Framework as a risk-based and proportionate approach, provided it remains practical, technology-neutral, and aligned with international standards while fostering innovation and responsible AI adoption.

Answer 7.
Potential risks include regulatory uncertainty, excessive compliance burdens, and reduced innovation, which can be mitigated through clear guidance, proportionate requirements, stakeholder engagement, and periodic review of the framework.

Answer 9.
The framework should also incorporate AI supply chain security, open-source AI governance, model transparency, human oversight, cybersecurity, incident reporting, regulatory sandbox programmes, and periodic risk reassessment.

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Answer 10.
The AI Risk Framework should strike a balance between protecting society and fostering innovation, ensuring that regulatory requirements do not unnecessarily hinder AI research, development, adoption, and the growth of Malaysia's AI ecosystem.

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Focus Area 5:
AI Incident Reporting

This section seeks your views on the proposed AI Incident Reporting. The Bill introduces a structured approach for identifying, reporting, investigating, and responding to AI-related incidents, while supporting regulatory oversight and continuous improvement of AI governance practices.

No.	Questionnaires
1.	What are your views on establishing a national AI incident reporting framework to support monitoring and management of AI-related risks and harms?
2.	To what extent do you agree that a structured AI incident reporting mechanism would assist in improving the management of AI-related risks in Malaysia? *Select one response* ☐ Strongly agree ☐ Agree ☑ Neutral ☐ Disagree ☐ Strongly disagree
3.	What factors should be considered when establishing an effective AI incident reporting framework? *Select all that apply* ☑ Clear definition of reportable AI incidents ☑ Standardised reporting procedures across agencies ☐ Clear roles and responsibilities among relevant authorities ☑ Risk-based reporting requirements ☐ Timely identification and response mechanisms ☐ Documentation and record-keeping requirements ☐ Coordination between central and sector-specific authorities ☐ Other: _____
4.	How should coordination between the Central AI Authority and Sectoral Leads be structured when responding to AI incidents?
5.	The proposed AI Incident Reporting Framework requires reporting where there is an event, outcome or credible allegation that an AI System has caused or may have caused harm. The proposed categories of harm include: • Death • Bodily injury

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	• Unlawful deprivation of fundamental liberty • Contravention of any written law Do you consider a harm-based reporting threshold to be an appropriate basis for determining whether an AI-related incident should be reported? *Select one response* ☐ Yes, the proposed harm-based threshold provides an appropriate basis for reporting AI incidents. ☐ Yes, but additional reporting criteria or thresholds should also be considered. ☑ No, a different reporting approach should be adopted. ☐ Unsure
6.	If you consider that additional categories of harm or refinements should be considered, please specify your recommendations and reasons.
7.	What reporting channels or mechanisms would best support timely submission and management of AI incident reports? *Select all that apply* ☑ Centralised online reporting platform ☐ Integration with existing government reporting mechanisms ☐ Sector-specific reporting channels linked to a central mechanism ☐ Other: _____
8.	What factors should be considered when designing an AI incident reporting process? *Select all that apply* ☑ Ease of reporting ☑ Clear reporting criteria ☑ Protection of confidential information ☐ Timeliness of response ☐ Compatibility with existing reporting obligations ☐ Accessibility for affected individuals ☐ Integration with other reporting requirements ☐ Other: _____
9.	What considerations should guide enforcement approaches to ensure accountability while supporting responsible AI adoption?
10.	Beyond the proposed framework, are there any additional reporting mechanisms, safeguards or governance arrangements that should be incorporated?

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11.	Please provide any additional comments or recommendations regarding the proposed AI Incident Reporting Mechanism.

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Answer 1.
We support developing a national AI incident reporting framework, but its implementation should be phased and proportionate, allowing sufficient time to build local expertise, establish clear reporting criteria, and avoid unnecessary reporting burdens or over-classification of incidents.

Answer 4.
We recommend avoiding additional coordination layers unless justified by practical experience, as excessive governance structures may increase complexity and delay effective incident response.

Answer 6.
No additional categories or refinements are recommended at this time.

Answer 9.
Given the rapid evolution of AI, enforcement should be phased, practical, and proportionate to ensure accountability without imposing excessive regulatory burdens that could slow innovation and AI adoption.

Answer 10.
No additional reporting mechanisms or governance arrangements are recommended at this time.

Answer 11.
The AI Incident Reporting Mechanism should be simple, efficient, and easy to use, with clear reporting criteria to enable timely identification and response to incidents. Priority should be given to monitoring AI autonomous systems deployed in public-facing or high-impact services, where potential risks to the public are greatest.

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Focus Area 6:
AI Sandbox

This section seeks your views on the proposed AI Sandbox. The Bill proposes a controlled testing environment that enables organisations to trial innovative AI Systems under regulatory oversight while supporting responsible innovation, improving regulatory understanding of emerging AI technologies, and informing future AI governance measures.

No.	Questionnaires
1.	AI technologies may require opportunities for controlled testing to better understand their benefits, risks, and appropriate governance approaches. To what extent do you agree that an AI Sandbox would support responsible AI innovation and adoption in Malaysia? *Select one response* ☑ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly disagree
2.	What are your views on establishing an AI Sandbox as part of Malaysia's AI governance ecosystem?
3.	What governance arrangements should be considered for the effective operation of an AI Sandbox? *Select all that apply* ☑ Clear roles and responsibilities between the Central AI Authority and Sectoral Leads ☑ Defined participation criteria and eligibility requirements ☐ Standardised assessment and evaluation processes ☐ Clear supervisory and monitoring mechanisms ☑ Coordination mechanisms between relevant ministries, agencies, and regulators ☐ Defined entry, monitoring, and exit processes for sandbox participants ☐ Other: _____
4.	What outcomes would your organisation expect following successful participation in an AI Sandbox? *Select all that apply* ☑ Regulatory feedback to support wider deployment of the AI System

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	☑ Validation of the AI System's governance and risk mitigation measures ☐ Assurance demonstrating that the AI System has been assessed against recognised governance requirements ☐ Certification against recognised AI standards (where applicable) ☐ Accreditation or recognition of AI assurance or conformity assessment processes (where applicable) ☐ Greater regulatory certainty for deployment and commercialisation ☑ Improved stakeholder and public confidence in the AI System ☐ No specific post-sandbox outcomes required ☐ Other: _____
5.	What implementation challenges or considerations should be taken into account when establishing and operating an AI Sandbox?
6.	Beyond the proposed sandbox model, are there any additional safeguards, functions, or operational considerations that should be incorporated?
7.	Please provide any additional feedback on the proposed AI sandbox, including its objectives, participation process, safeguards, and implementation approach.

Answer 2.
We support the establishment of an AI Sandbox to encourage innovation, facilitate regulatory learning, and enable the safe testing of AI technologies before large-scale deployment.

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Answer 5.
The Government should prioritise building AI expertise within relevant agencies, establishing clear governance processes, allocating adequate resources, and promoting collaboration across agencies to ensure the AI Sandbox operates effectively and consistently.

Answer 6.
The AI Sandbox should incorporate periodic reviews, clear success and exit criteria, knowledge sharing between government and industry, and mechanisms to update governance based on lessons learned and technological advancements.

Answer 7.
We recommend that the AI Sandbox remain voluntary, practical, and innovation-friendly, with a simple participation process, transparent evaluation criteria, and close collaboration between government, industry, academia, and startups to accelerate responsible AI adoption in Malaysia.

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