

Legal Alert #8

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Amendments to the Law on Public Information Transparency Introduce Requirements for "Artificial Intelligence Systems"

In connection with the adoption of the Law on Economic Freedom by the Parliament of Mongolia on 3 July 2026, amendments were introduced to a total of 91 laws. As part of our ongoing effort to highlight the changes most relevant to businesses, we have been publishing a series of Legal Alerts. You may review our previous issue through [this link](#). In this issue, we highlight the key amendments made to the Law on Public Information Transparency (2021) (the "LPIT" or "The Law").

These amendments introduce the following two key changes to the LPIT:

1

Artificial intelligence: For the first time in Mongolian legislation, The Law defines an "Artificial Intelligence System." The LPIT also sets out the requirements that public information controllers must meet when they use these systems.

2

E-Business Operators: The LPIT also introduces, for the first time, the concept of an "E-Business Operator" and sets out the legal framework for registering them.

1. Scope of regulation of artificial intelligence under the LPIT



Article 4.1.10 of the Law defines an "**Artificial Intelligence System**" as an information system designed to operate with a certain degree of autonomy and, based on data, algorithms, models, and rules, generates outputs for specified objectives, including predictions, recommendations, conclusions, content, and draft decisions.

"Public Information Controller" refers to the entities specified in Article 6 of the Law, including:

1. State authorities;
2. state-owned and locally owned legal entities, and private legal entities in which the state or a local government holds an ownership interest;
3. persons that perform specific functions of a state authority under a law or contract;
4. Public radio and television broadcasters; and
5. Political parties.

Under the amended Law, a public information controller that uses an artificial intelligence system must make sure that:

- a person can review and verify the system's outputs;
- the system keeps records of its processing activities, information sources, outputs and access history;
- the system is designed and operated so that it does not discriminate against individuals or legal entities; and
- the information can be reprocessed if the system's processing was based on inaccurate or incomplete information.

The following obligations are also imposed regarding the use of artificial intelligence systems by public information controllers:

- If an artificial intelligence system or automated decision-making is used to make a decision that may affect the rights and legitimate interests of individuals or legal entities, an authorized official must review and approve that decision;
- If an artificial intelligence system is used to produce recommendations, conclusions, advice or reports, or to make decisions, the document must carry a watermark showing that the AI system was used.

What this means for businesses: As noted above, these requirements apply only to “public information controllers” as defined under Article 6 of the LPIT and therefore do not impose direct obligations on private sector businesses. Nevertheless, they may serve as a useful regulatory benchmark for organizations that use, or are considering adopting, artificial intelligence in their operations.

However, businesses should be aware that the Law on Personal Data Protection (2021) separately imposes certain obligations on data controllers that use technology to collect or process personal data without human involvement and make certain decisions specified by law, including a requirement to conduct an assessment of their use of artificial intelligence.

2. E-Business operator

The amendments also introduce the new concept: “E-Business Operator.”



An “**E-Business Operator**” is a foreign citizen or stateless person who does not live in Mongolia but is registered under the prescribed procedure to do business online and receive public services under Mongolian law.

Under the LPIT, an E-Business Operator may use state electronic services and the state identification and authentication systems when carrying out its activities. Each E-Business Operator will also receive a unique registration number. The Government will approve the procedures for keeping the register and for issuing, suspending, reinstating and cancelling registration numbers.

However, apart from these provisions, no other law or regulation currently refers to E-Business Operators. As a result, several important issues remain unclear. In particular, it is not yet clear under what circumstances a foreign citizen or stateless person will be required to register as an E-Business Operator in the integrated state electronic services system. Nor is it clear what legal significance such registration and the associated registration number will have, or what rights and obligations may arise from them.



PwC’s Legal team has extensive experience in providing legal advisory and training services relating to the protection of personal data and the use of artificial intelligence in business operations. If you are interested in receiving advisory services in this area, please contact us.

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