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SEC AI Compliance Checklist for RIAs

A Comprehensive Checklist for Investment Advisers Using AI Tools

Version 1.0 | March 2026 Provided by AI Secretary

How to Use This Checklist

This checklist helps Registered Investment Advisers (RIAs) ensure AI tool adoption complies with SEC regulations. Work through each section systematically, checking boxes as you complete requirements.

Recommended Review Frequency: - When adopting a new AI tool - Quarterly for ongoing compliance monitoring - Annually as part of compliance program review - When regulatory guidance is updated

Section 1: Form ADV Disclosure Requirements

Item 8 (Methods of Analysis, Investment Strategies, and Risk of Loss)

If AI tools support investment decisions or analysis:

- Form ADV Part 2A discloses use of AI-powered tools for:
 - Data analysis
 - Portfolio construction
 - Risk assessment
 - Client meeting documentation
- Disclosure clearly states AI tools **assist** advisors but do not replace human judgment
- Disclosure notes final investment decisions are made by human advisors
- Risks of AI usage are described (e.g., model limitations, potential inaccuracies)

Sample Language: > “We use AI-powered tools to assist with data analysis, meeting documentation, and administrative tasks. All AI-generated outputs are reviewed by our advisors before being presented to clients. Final investment decisions are made by human advisors, not AI systems.”

Item 15 (Custody) or General Vendor Disclosure

If AI tools access client information:

- Form ADV Part 2A discloses use of third-party service providers
- Disclosure mentions categories of vendors (e.g., “AI-based productivity tools”)
- Privacy policy addresses data sharing with service providers

Sample Language: > “We use third-party service providers, including AI-based tools, that may access client information as part of their function. We conduct due diligence on all vendors and implement safeguards to protect client data.”

Privacy Policy

- Privacy policy discloses data may be shared with service providers
 - Policy describes what data is shared and for what purpose
 - Policy addresses how long vendors retain data
 - Policy explains clients' rights to request data deletion (if applicable under state laws)
-

Section 2: Regulation S-P Compliance

Safeguarding Client Information

- AI vendor has been evaluated for data security practices
- Vendor holds security certifications (SOC 2 Type II, ISO 27001, or equivalent)
- Firm has documented vendor's data encryption standards (in transit and at rest)
- Firm knows where client data is stored geographically
- Vendor's data retention policy aligns with firm's retention policy

Data Disposal

- Firm has process for requesting data deletion from AI vendors
- Vendor provides deletion certificates or audit logs
- Firm can demonstrate proper disposal of client data held by vendors
- Data deletion includes backups, not just production databases

Incident Response

- Vendor has disclosed their breach notification timeline
 - Vendor provides incident response contact information
 - Firm has documented what happens if vendor is breached
 - Firm can notify clients within required timeframes under state breach notification laws
-

Section 3: Fiduciary Duty (Advisers Act § 206)

Duty of Care

- All AI-generated investment advice is reviewed by qualified advisors
- Firm has process for verifying accuracy of AI outputs
- AI limitations and potential errors are understood by staff
- Advisors do not blindly rely on AI recommendations

Duty of Loyalty

- AI vendor does not create conflicts of interest (e.g., vendor is not compensated based on investment recommendations)
- Vendor does not use client data for purposes beyond the contracted service
- Vendor's business model does not create incentives to steer client decisions

Documentation

- Firm can demonstrate AI was used to support (not replace) advisor judgment
 - Meeting notes/documentation show advisor review and approval
 - Client files reflect human oversight of AI-generated content
-

Section 4: Marketing Rule (Rule 206(4)-1)

Substantiation of Claims

If AI is mentioned in marketing materials:

- All AI-related claims can be substantiated
- Firm does not imply AI-driven performance without proof
- Marketing materials do not overstate AI capabilities
- “AI-powered” claims are specific and verifiable

Examples of Unsubstantiated Claims to Avoid: - “Our AI-powered portfolios outperform the market” - “AI-driven strategies deliver superior returns” - “Advanced AI algorithms optimize your investments”

Examples of Acceptable Claims: - “We use AI meeting assistants to ensure accurate documentation of client conversations” - “AI tools help us analyze market data more efficiently” - “We leverage AI for administrative tasks, freeing more time for client service”

Testimonials and Endorsements

If AI is used to generate or curate testimonials:

- Testimonials comply with Marketing Rule (no cherry-picking, representative of client experience)
 - AI-generated content is clearly labeled if used in marketing
 - Firm does not use AI to create fake testimonials or reviews
-

Section 5: Compliance Policies & Procedures (Rule 206(4)-7)

Written Policies

- Firm has written AI Acceptable Use Policy
- Policy addresses what AI tools are approved
- Policy defines what client data can be input into AI tools
- Policy includes consequences for violations

Vendor Oversight

- Firm has documented vendor due diligence process
- Vendor evaluation checklist includes:
 - Security certifications
 - Data retention policies

- Breach notification procedures
- Business continuity plans
- Vendor relationships are reviewed at least annually

Training

- Staff have received training on AI risks and acceptable use
- Training includes:
 - Regulatory requirements (SEC, FINRA, state laws)
 - How to identify prohibited AI tools (e.g., ChatGPT for client data)
 - Data handling best practices
 - How to request approval for new tools
- Training is documented and attestations are signed

Supervision

- Firm monitors AI tool usage by advisors
 - Spot-checks are conducted on AI-generated content
 - Firm has process for detecting “shadow AI” (unapproved tools)
 - Violations are documented and addressed
-

Section 6: Cybersecurity Rule Compliance

Policies and Procedures

- Firm’s cybersecurity policies address AI vendors as third-party service providers
- AI vendors are included in firm’s risk assessment
- Firm has evaluated what happens if AI vendor is breached

Incident Reporting

- Firm knows how to report significant cybersecurity incidents to the SEC (within 48 hours)
- Firm has defined what constitutes a “significant” incident involving AI tools
- Incident response plan addresses AI vendor breaches

Vendor Monitoring

- AI vendors are reviewed at least annually for:
 - Security posture changes
 - Terms of service updates
 - Disclosed security incidents
 - Certification renewals
-

Section 7: Recordkeeping (Rule 204-2)

Required Records

- Firm retains records of:

- AI tool vendor contracts and terms of service
- Vendor due diligence documentation
- Training materials and attendee records
- Policy updates and distribution records
- Incident logs related to AI tools

Client Communication Records

If AI is used to draft or manage client communications:

- All AI-generated emails/letters are retained per Rule 204-2 (6 years for ERISA, 5 years otherwise)
 - Firm can demonstrate communications were reviewed by advisors before sending
 - Records show AI-generated content is not being sent without human oversight
-

Section 8: Specific AI Tool Scenarios

AI Meeting Assistants (e.g., transcription, note-taking)

- Tool does not record meetings without client consent (if required by state law)
- Tool does not store client data longer than firm's retention policy
- Firm can verify data is deleted after processing (if zero-retention model)
- Tool integrates with firm's CRM in compliance with data security policies

AI Document Analysis Tools

- Tool does not use client documents to train models (unless explicitly permitted)
- Uploaded documents are encrypted and stored securely
- Firm can delete documents from vendor's systems on demand
- Tool complies with fiduciary duty (outputs are verified by advisors)

AI Email/Communication Drafting Tools

- AI-generated emails are reviewed before sending
- Tool does not send emails on advisor's behalf without oversight
- Client communications remain in advisor's control
- Tool does not create compliance issues (e.g., promises that can't be kept)

AI Portfolio Analysis/Optimization Tools

- Tool outputs are treated as recommendations, not final advice
 - Advisors verify suitability of AI-generated portfolio suggestions
 - Tool limitations are disclosed to clients if AI influences portfolio decisions
 - Firm can demonstrate human oversight in investment process
-

Section 9: Ongoing Monitoring

Quarterly Reviews

- Review AI tool usage across the firm
- Spot-check AI-generated content for accuracy
- Monitor for use of unapproved tools (“shadow AI”)
- Review vendor security updates and terms of service changes

Annual Reviews

- Conduct full vendor due diligence review for all approved AI tools
- Update Form ADV if AI tool usage has materially changed
- Re-train staff on AI acceptable use and policy updates
- Assess whether AI tools still align with firm’s needs and compliance obligations

Regulatory Updates

- Subscribe to SEC updates on AI guidance
 - Monitor FINRA notices and regulatory sweeps related to AI
 - Update policies when new guidance is issued
 - Adjust practices based on enforcement actions or risk alerts
-

Section 10: Red Flags (Immediate Action Required)

If any of the following are true, take corrective action immediately:

- Advisors are using ChatGPT, Claude, or other consumer AI tools with client data
 - Firm cannot name all AI tools currently in use
 - Firm does not know where client data is stored by AI vendors
 - AI vendor’s data retention policy conflicts with firm’s policy
 - Advisors are sending AI-generated advice without review
 - Form ADV does not disclose use of third-party AI tools
 - No written AI acceptable use policy exists
 - Staff have not been trained on AI risks
 - Vendor due diligence has not been documented
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Appendix A: Vendor Due Diligence Quick Reference

For every AI tool, document answers to these questions:

Security: 1. What security certifications does the vendor hold? 2. When was the last security audit? 3. Has the vendor disclosed any breaches?

Data Handling: 4. Where is client data stored? 5. How long is data retained? 6. Can data be deleted on demand? Can you verify deletion? 7. Does the vendor use customer data to train models?

Compliance: 8. Does the tool comply with Regulation S-P? 9. Can it support SEC recordkeeping requirements? 10. What happens if the vendor is acquired or goes out of business?

Appendix B: Sample Exam Questions

SEC examiners may ask:

1. “What AI tools does your firm use?”
 - **Be Prepared:** Maintain a current list of all approved tools
 2. “How do these tools comply with Regulation S-P?”
 - **Be Prepared:** Have vendor security documentation ready
 3. “Does your Form ADV disclose the use of third-party service providers?”
 - **Be Prepared:** Review Form ADV to ensure accuracy
 4. “How do you supervise advisors’ use of AI tools?”
 - **Be Prepared:** Document your supervision framework (policies, training, spot-checks)
 5. “What happens if an AI tool generates inaccurate advice?”
 - **Be Prepared:** Demonstrate review processes and error-correction procedures
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Appendix C: Resources

SEC Guidance: - Regulation S-P: <https://www.sec.gov/rules/final/34-42974.htm> - Marketing Rule: <https://www.sec.gov/investment/marketing-faq> - Cybersecurity Rule: <https://www.sec.gov/rules/final/20236308.pdf>

Industry Resources: - Investment Adviser Association: <https://www.investmentadviser.org/> - NASAA (State Regulators): <https://www.nasaa.org/>

AI Secretary Resources: - AI Acceptable Use Policy Template - Vendor Security Questionnaire - Blog: <https://aisecretary.tech/blog>

Final Checklist Summary

Before Adopting Any AI Tool: - Complete vendor due diligence - Get CCO approval - Update Form ADV (if needed) - Train staff on tool usage - Document everything

Ongoing Compliance: - Quarterly: Spot-check AI usage - Annually: Full vendor review + Form ADV update + staff retraining - As-needed: Respond to regulatory updates

Audit Readiness: - Maintain list of approved tools - Keep vendor due diligence records - Document training and attestations - Be prepared to demonstrate supervision

This checklist is provided for informational purposes only and does not constitute legal or compliance advice. Firms should consult with legal counsel and compliance professionals to ensure full compliance with SEC regulations.

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