Ensuring **Advisor Compliance** in the Age of AI:

Strategies for Financial Services Firms
Incorporating AI Assistants Into Their Practices
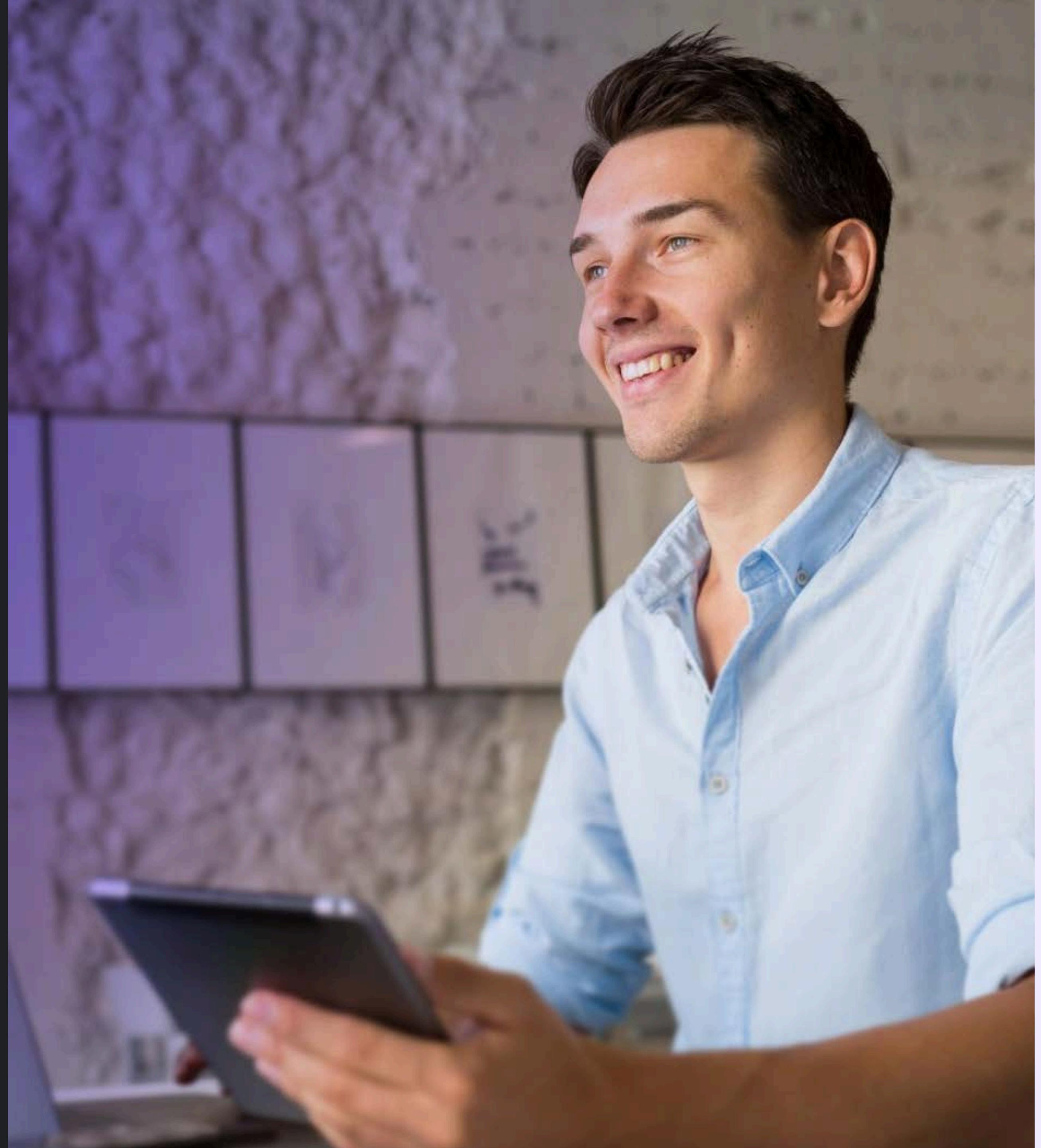
Introduction

The adoption of artificial intelligence (AI) in financial services over the last 12 months has been explosive by any measure. In particular, the rapid rise and adoption of industry-specific, AI Assistants and AI note takers have introduced new ways for advisors and brokers to greatly enhance their operational efficiency by automatically documenting client interactions. These tools are designed to streamline the documentation process by automatically capturing and organizing meeting notes, and speeding up the post-meeting follow-up process and workflows.

However, with the introduction of this new class of solutions, new challenges have arisen regarding compliance. Regulatory bodies such as the SEC and FINRA have yet to issue clear guidance on how AI note takers fit within regulatory and compliance frameworks. This uncertainty leaves firms to interpret existing rules, including SEC Rules 17a-3 and 17a-4, Regulation Best Interest (Reg BI), and fiduciary duty standards, and decide how to apply them to a rapidly evolving technology landscape.

This whitepaper is intended to outline **key considerations for financial services firms to consider when evaluating these solutions** and Integrated Compliance Advisors (ICA) recommendations on how to approach them, as well as why Zocks is uniquely positioned to address these concerns.

AI's Transformative Potential

The adoption of AI within financial services has accelerated dramatically, with both organizations and individual advisors recognizing its transformative potential. According to an Accenture survey of 500 financial advisors across North America, **there is remarkable enthusiasm about AI's capacity to enhance advisory practices**. The findings reveal that 9 out of 10 financial advisors believe:

AI can help grow their client base organically by more than 20%

with 83% indicating they think AI will have a direct, measurable and significant impact on client-advisor relationships within the next 18 months.

AI Assistants and AI note takers have significant potential to deliver on advisors' expectations. These solutions save advisors a considerable amount of time, reducing the administrative burden of manual note taking and following up with clients. Despite these advantages, the adoption of these tools presents unique compliance challenges in 2025.

Regulators have not yet issued specific guidelines for using AI note takers, but this does not mean firms can delay implementing policies and oversight. SEC and FINRA rules governing books and records, client disclosures, and fiduciary obligations still apply. Firms must determine how recordings, along with AI-generated transcripts and meeting summaries, fit into these frameworks. Firms need to evaluate how audio and video recordings and AI-generated transcripts should be handled, whether they need to be retained, and whether or not they need to be archived and supervised.

Additionally, firms need to evaluate whether AI-generated meeting notes should be classified as official records or working drafts, and how discrepancies between AI-generated summaries and CRM records (or other designated 'books and records' systems should be handled).

Without direct regulatory guidance, firms must **proactively establish internal policies** to ensure AI-generated artifacts meet current and potentially future regulatory expectations.

Strategies for Balancing AI Efficiency with Compliance

The intersection of AI efficiency and regulatory compliance adherence creates several key areas that firms must carefully navigate:

Meeting Recordings: If you utilize an AI Assistant that records, you must develop clear policies about how long to retain audio or video recordings of client conversations. In addition to retaining recordings as books and records, firms will need to also establish appropriate supervision of recordings for regulatory purposes. Additionally, organizations must address two-party consent requirements that vary by state when utilizing recordings.

AI-Generated Transcripts: While not required today by the SEC and FINRA, firms will also need to make a decision about whether transcripts should be archived and supervised as potential books and records, and for how long. If you plan to wait, firms should have a contingency plan for the potential in the future.

Meeting Summaries/Notes: Organizations will need to consider whether AI-generated meeting summaries themselves constitute books and records, or whether AI-generated notes are considered working drafts. Most firms are interpreting meeting summaries to be working drafts before being transferred to a CRM, or other designated system, as final notes to fulfill regulatory requirements.

Data Retention Policies: Clear guidelines regarding retention periods for all AI-generated artifacts (recordings, transcripts, and notes) are crucial. Firms must determine whether to maintain these records for the life of the client relationship or establish appropriate destruction protocols that align with their policies and regulatory requirements.

Client Consent Management: Implementing processes to obtain and track client consent for AI-assisted documentation is essential for transparency and compliance with privacy regulations. This includes developing disclosures that clearly explain how AI tools are used in client interactions.

When evaluating solutions in this space, it's important to understand that **not all AI Assistants are created with financial services compliance requirements in mind.** Industry-specific solutions incorporate features designed to address the unique regulatory framework of financial advisory services, including maintaining unalterable records, supporting disclosure requirements, and facilitating appropriate supervision.

Regulatory Considerations for AI Documentation

Existing SEC rules governing books and records require that firms maintain complete and unalterable records of client interactions.

⟩ For broker-dealers, Reg BI mandates that key aspects of client interactions be documented, including investment recommendations, risk tolerance assessments, and disclosure acknowledgments.

⟩ RIAs, held to a fiduciary standard, must ensure that their documentation accurately reflects client interactions. AI-generated summaries must be reviewed and verified to confirm that they align with the firm's duty to act in the best interests of its clients.

Transparency is also critical— clients should be informed when AI-assisted documentation is being used, and firms should consider incorporating AI disclosures into client agreements.

Cybersecurity and Data Privacy in AI Adoption

With the SEC emphasizing cybersecurity in its examination priorities, firms must ensure that AI tools meet stringent security and data protection requirements.

The increasing adoption of Large Language Models (LLMs) in financial services introduces additional data privacy considerations. These sophisticated AI systems, which power many note-taking and assistant applications, typically learn from vast datasets that might include client information. Financial services firms must carefully evaluate how vendors handle client data, particularly whether information captured during client meetings could be used to train AI models accessible by other users organizations. This raises significant confidentiality and privacy concerns that extend beyond traditional cybersecurity measures.

When selecting AI tools, firms should prioritize solutions that:

- Offer transparency regarding sub-processors used for data processing and how client information is processed and stored.
- Do not allow client data to be utilized for training or improving LLMs.
- Allow for the redaction of PII from recordings, transcripts, and notes.
- Maintain compliance with financial industry-specific data protection standards
- Offer transparency into data retention and deletion practices

Additionally, firms should review whether client information processed through AI tools remains within appropriate jurisdictional boundaries to comply with regional data protection regulations. As these technologies evolve, **maintaining appropriate data boundaries becomes increasingly critical for maintaining client trust and regulatory compliance**.

Gaining Buy-In for AI Adoption

Implementing AI tools in a financial firm requires management and compliance approval, and firms must build a compelling case for adoption. **Demonstrating efficiency gains is a key factor**, as AI tools reduce the time advisors and brokers spend on administrative documentation, allowing them to focus on client relationships. Highlighting AI's ability to strengthen compliance, rather than replace it, can reassure leadership teams and compliance officers

Addressing security concerns is equally important. Firms must ensure that AI tools meet high standards for data protection, such as SOC 2 and HIPAA compliance, and allow for customizable retention policies. Partnering with compliance experts like ICA further strengthens an AI implementation strategy by ensuring that policies, procedures, and training programs support responsible AI use.

How to Empower Your Team With AI Tools

Despite the lack of explicit regulatory guidance on AI tools in financial services, firms can and should take proactive steps to implement these technologies responsibly, including:

1

Developing comprehensive AI governance frameworks

Establish clear internal policies and procedures for AI usage that address both current and anticipated regulatory requirements. These frameworks should include documentation standards, review processes, and supervision protocols for AI-generated content.

2

Implementing risk-based AI assessment protocols

Create a systematic approach to evaluating AI tools before implementation, considering factors such as data security, algorithmic transparency, and alignment with fiduciary responsibilities. Document these assessments to demonstrate due diligence.

3

Designing clear approval workflows for AI-generated documentation

Establish processes requiring human review and approval of AI-generated meeting summaries before they become official records. These workflows should include verification of accuracy and completeness.

4

Creating firm-wide AI usage standards

Develop clear guidelines on appropriate use cases for AI tools, prohibited applications, and required safeguards specifically regarding advisors' duty of care and loyalty to clients.

5

Implementing robust training programs

Educate advisors and staff on compliance requirements related to AI usage, including documentation standards, client consent requirements, and data privacy considerations.

7

Developing client disclosure protocols

Create clear, transparent disclosures explaining how and when AI tools are used in the advisory relationship, ensuring clients understand the role of technology in documentation processes.

6

Establishing audit trails for AI-assisted processes

Create systems to track how AI tools are used in client interactions, including who reviewed AI-generated content, what changes were made, and when documents were finalized.

8

Conducting regular compliance reviews

Implement scheduled assessments of AI usage within the firm to identify potential compliance gaps and evolving risk factors as both technology and regulatory expectations mature.

Organizations that implement these strategies now will be better positioned to adapt quickly as regulatory frameworks evolve, gaining competitive advantages through both technological innovation and compliance readiness.

The financial services industry stands at an inflection point where AI adoption is rapidly accelerating. Rather than waiting for explicit regulatory frameworks to emerge, forward-thinking firms are establishing robust governance structures that balance innovation with compliance obligations. This approach not only mitigates current regulatory risks but positions organizations to adapt swiftly as formal guidance develops.

How Zocks Can Help
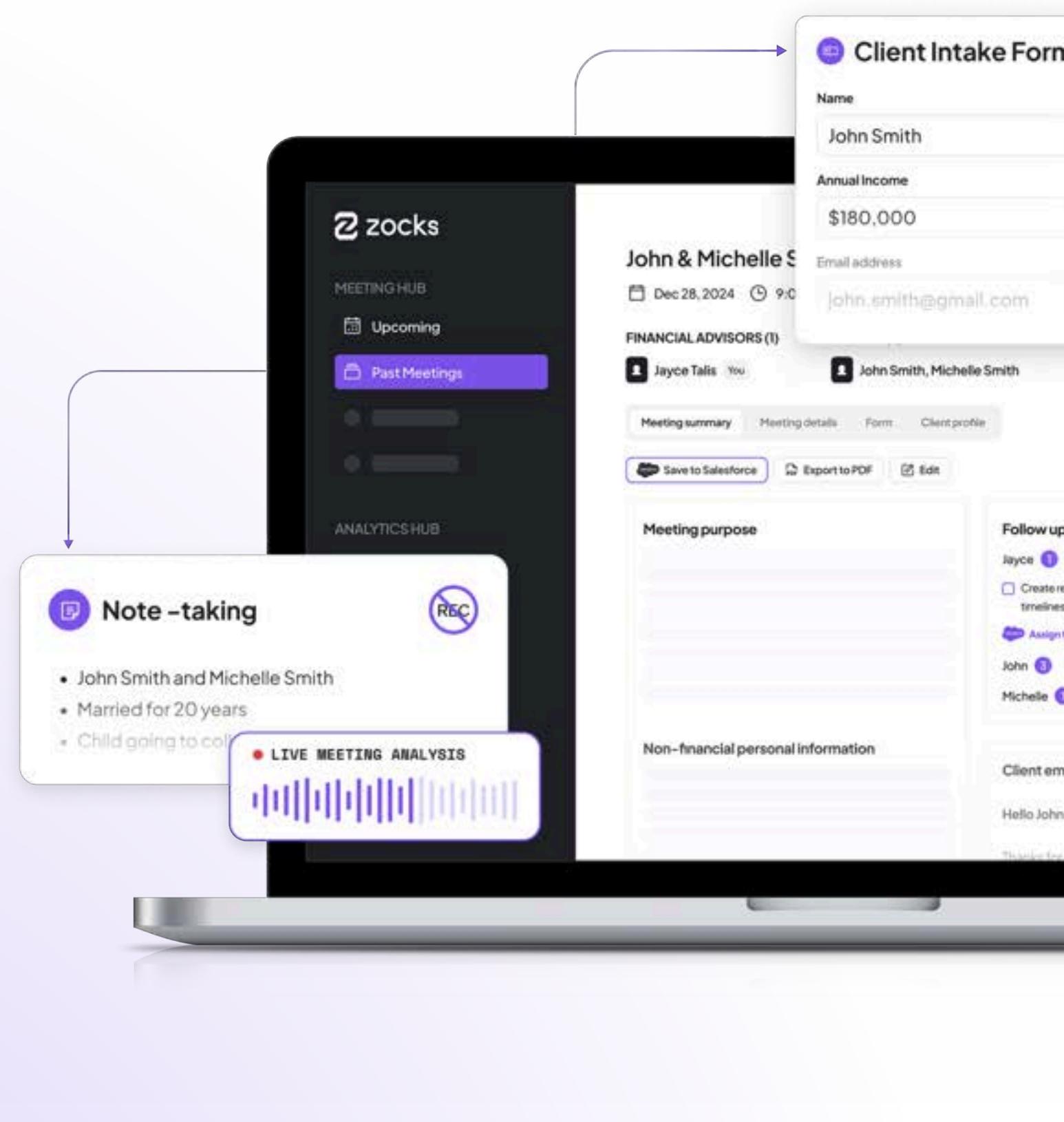
Regulatory Consideration	Zocks' Solution
Firmwide Security & Compliance Controls	Zocks is designed to allow firms to manage security and compliance settings across their organization, divisions, teams and advisors to ensure proper and consistent use. Simple to complex hierarchies can be established to ensure controls and permissions are inherited and enforced properly across user types.
Meeting Recordings	Zocks is a true "no recording" solution. It generates detailed meeting notes from virtual, in-person, and phone conversations without ever creating a recording. This eliminates the need to archive and supervise audio or video files, and reduces compliance risk.
Client Consent Management	Zocks supports multiple methods for capturing client consent when using its AI Notetaking feature—including audio, visual, or advisor-initiated verbal approvals. This information is logged for reporting and tracking.
AI-Generated Meeting Transcripts	Zocks creates meeting transcripts via a 'live transcription' method. Transcripts can be retained or deleted on a set schedule. Zocks also supports direct integration with supervision platforms like Smarsh, Proofpoint and Global Relay, giving firms total flexibility today and future-proofing for tomorrow's potential regulatory changes.

Regulatory Consideration	Zocks' Solution
Personally Identifiable Information (PII) Redaction	Zocks provides options to proactively redact various categories of PII from being captured in the transcript and meeting notes and there is no risk of PII in an audio or video recording, due to Zocks being a 'no recording' solution.
Meeting Summaries/ Notes	Zocks automatically creates detailed and comprehensive meeting notes that can improve record keeping and compliance. Structured data supports Reg BI, DOL, and KYC requirements. Firms have the flexibility to decide how meeting summaries are handled—treating them as working drafts, keeping them as formal records, or deleting on a defined timeline.
Data Retention Policies	Firms can define data deletion rules for users and overall data retention rules for transcripts and meeting notes at the firm level. Firms wishing to delete can define the time 'time to live' for objects by the hour/day/week. When deleting, Zocks performs 'hard deletes' and objects are not recoverable with permanent wipe capabilities.
AI Controls & Cybersecurity	With Zocks, data is never held by or used for training or improving Large Language Models (LLMs). Further, Zocks keeps all client data secure and confidential. The platform is SOC 2 Type 2 and HIPAA-compliant, with full encryption, strict access controls, and a system-wide commitment to regulatory-grade documentation standards.

For more information about Zocks and to start a free trial, visit zocks.io.

To learn more about compliance solutions for advisors through ICA, visit integrated-compliance.com.

ICA & Zocks Together in Partnership

ICA and Zocks have partnered to deliver comprehensive operational and compliance support to advisory firms. Zocks is an AI-powered Client Intelligence Platform built specifically for financial services and is designed to turn conversations into action by streamlining workflows, and helps firms better serve their clients. ICA can help firms define AI policies and provide expert regulatory guidance and compliance oversight. Together, this partnership enables advisory firms to operate smoothly and confidently, ensuring both optimal efficiency and full alignment with industry regulatory standards.