



ASCO Compliance Officer Training

By Baker McKenzie | 24 August 2026

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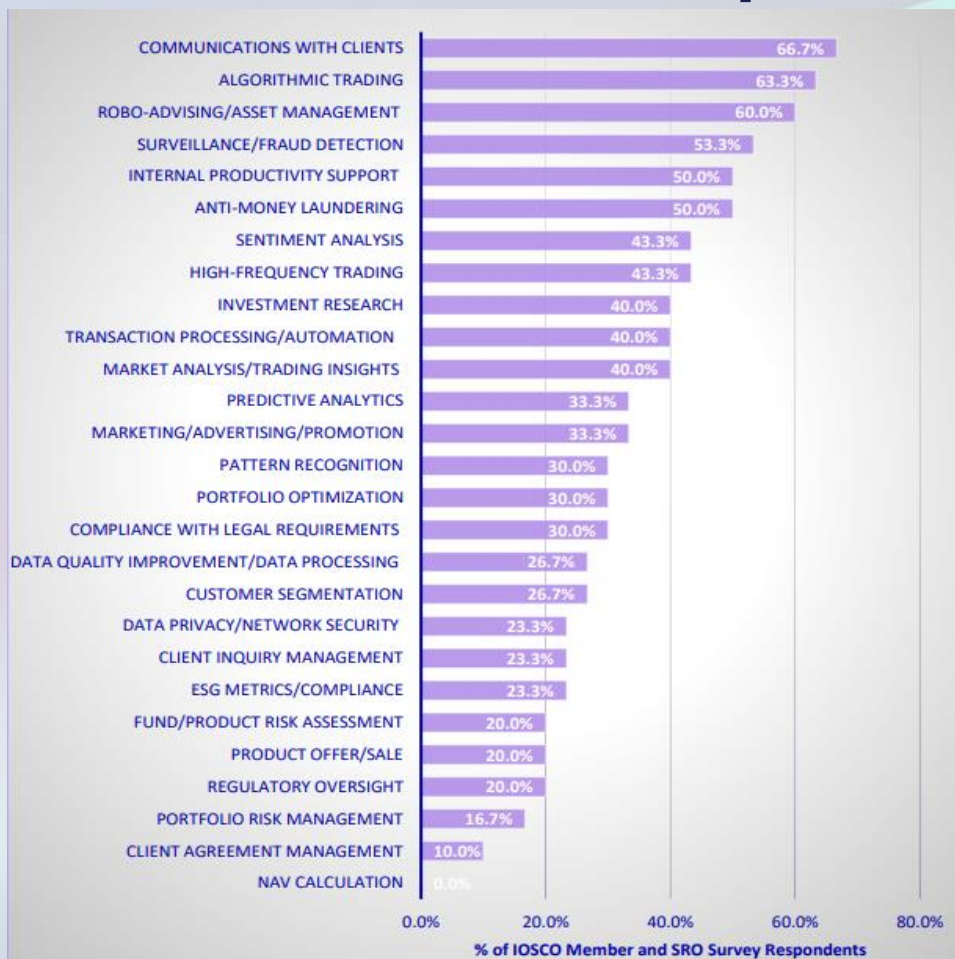
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- 01 Cases on AI Uses in Securities and Digital Assets Markets**
- 02 AI Risks and Compliance Considerations**
- 03 Relevant Court Cases from Foreign Jurisdictions**
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01 | Cases on AI Uses in Securities and Digital Assets Markets

Current AI Uses Observed in Capital Markets



Source:

<https://www.iosco.org/library/pubdocs/pdf/IOSCOPD788.pdf>

Issues in Capital Market

Short Sale of Securities

- Orders are placed without clear supporting documentation.
- The same document is sometimes used to sell through multiple brokers.

Unusual Stock Movements

- Certain stocks show abnormal price or volume movements.

Surveillance and Compliance Monitoring

- High manpower required to detect anomalies in financial statements and regulatory reports.



- AI can help match documents with transactions to ensure authenticity and prevent duplication.



- AI can monitor for irregular trading patterns.
- Alerts can be sent to investors via the Stock Exchange website. (Criteria for alerts can be defined and adjusted as needed.)



- AI can assist in identifying irregularities in financial data and filings.
- Helps reduce the workload of compliance teams.

Anthropic unveils AI agents to field financial services tasks

These AI agents can assist in a wide range of tasks, such as **analysing earnings reports and regulatory filings, and conduct KYC screening.**

They can also **connect to market-data platforms** covering equities, ETFs and digital assets, enabling firms to automate investment research, portfolio analysis and compliance workflows while retaining human review before outputs are used or acted upon.



Source: <https://www.businesstimes.com.sg/companies-markets/anthropic-unveils-ai-agents-field-financial-services-tasks/>

(6 May2026)

SEC director backs investment advisers using AI for proxy voting



Source: <https://www.esgdive.com/news/sec-investment-management-director-daly-backs-investment-advisers-ai-for-proxy-voting-trump-eo/809365/>

(12 Jan 2026)

JPMorgan Chase's asset and wealth management business is **replacing third-party proxy advisers with an internal AI tool** to analyse proxy statements and generate voting recommendations for U.S.-listed companies.

SEC's Division of Investment Management has indicated that large language models and agentic AI could help investment advisers **manage complex proxy-voting obligations** across large portfolios, provided the systems remain transparent, auditable and consistent with advisers' fiduciary duties, with appropriate training and human oversight.

China securities regulator warns against speculating on ‘tech hype’ and using AI for stock picking



Source: <https://www.esgdiver.com/news/sec-investment-management-director-daly-backs-investment-advisers-ai-for-proxy-voting-trump-809365/>

(12 Jan 2026)

The China Securities Regulatory Commission warned listed companies, market intermediaries and investors against using **AI-related narratives** to promote stocks or relying uncritically on AI tools for stock selection.

The regulator plans **stricter enforcement against market manipulation, insider trading and other conduct that exploits technology themes** to inflate share prices, while supporting legitimate technological innovation and responsible AI-assisted investment activity.

BlackRock's AI Revolution: Transforming Asset Management with Generative AI

BlackRock has integrated AI and GenAI into its core operations to drive innovation, enhance efficiency, and maintain a competitive advantage. Below are key use cases where BlackRock employs these technologies:

1. Investment Decision-Making and Portfolio Management.
2. Predictive Analytics: analyze vast datasets, including historical market data, etc.
3. Aladdin Platform: BlackRock's Aladdin (Asset, Liability, Debt, and Derivative Investment Network) platform integrates AI for portfolio management, risk analysis, and market insights.
4. Automation of Routine Tasks: AI automates labor-intensive tasks such as data entry, report generation, and transaction processing, reducing operational costs and minimizing human error.
5. Compliance Monitoring: AI-driven compliance tools analyze transactions in real-time to flag anomalies or potential regulatory violations, ensuring adherence to AML.
6. Client Engagement and Personalization: Personalized Client Interactions.



Source: <https://melvinmanchau.medium.com/blackrocks-ai-revolution-transforming-asset-management-with-generative-ai-c2dbb3848ca9>

AI & Algorithmic Trading

XTX Markets, a British trading firm founded by Alex Gerko.

XTX utilizes **AI and vast computing power** to execute millions of trades daily, maintaining its edge through advanced AI models rather than speed alone.

With £1.5 billion in profits and £250 billion in daily trades, XTX has become a globally significant firm in algorithmic trading.



Source: <https://www.forbes.com/councils/forbestechcouncil/2025/03/06/the-disruption-of-ai-in-stock-markets-a-new-era-of-investment-decisions-and-automation/>

02 | AI Risks and Compliance Considerations

Cybersecurity and Data Privacy Concerns

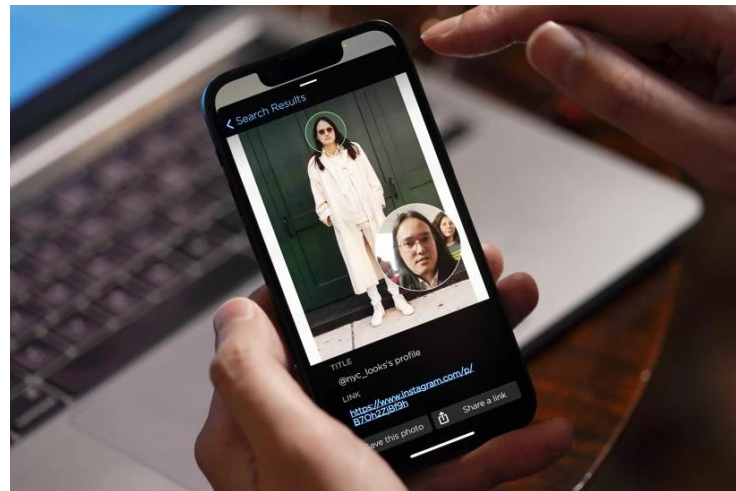


DeepSeek suffered a major security breach. Exposing more than one million sensitive records, including chat logs, API keys and internal operational data.

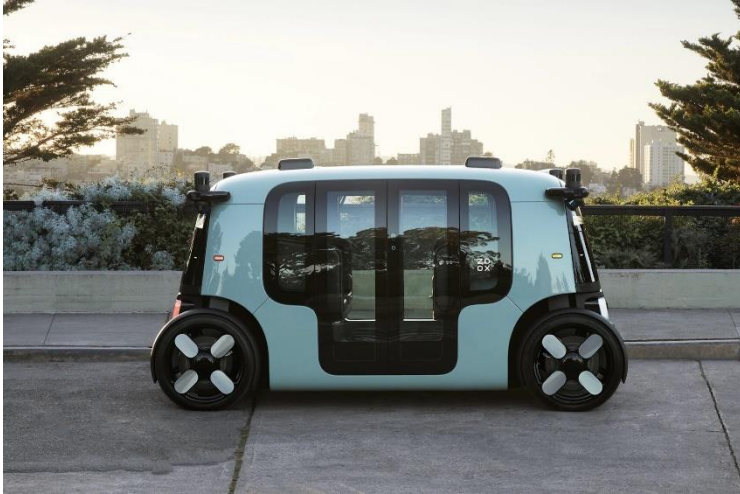
Source: <https://san.com/cc/deepseek-data-leak-exposes-more-than-1-million-sensitive-records/>

The Dutch data protection issued facial recognition startup Clearview AI with a fine of 30.5 million euros over its creation of what the agency called an “illegal database” of billion of photos of faces.

Source: <https://www.reuters.com/technology/italy-fines-openai-15-million-euros-over-privacy-rules-breach-2024-12-20/>



Accuracy and Error



Zoox issued a robotaxi software recall after a crash in Las Vegas

<https://www.nbcnews.com/tech/tech-news/tesla-owner-says-cars-self-driving-mode-fsd-train-crash-video-rcna153345>



Judge slams lawyers for 'bogus AI-generated research'

<https://www.theverge.com/news/666443/judge-slams-lawyers-ai-bogus-research>

Source : <https://www.cbc.ca/amp/1.7116416>

Compliance Risks



Canadian Musician Finds Ai-Generated Album Using His Name, Profile Without Permission

<https://globalnews.ca/news/10971704/canadian-musician-ai-album-without-permission/>

Man Charged With \$10 Million Streaming Music Scam Using AI-Generated Songs

<https://www.forbes.com/sites/lesliekatz/2024/09/08/man-charged-with-10-million-streaming-scam-using-ai-generated-songs/>



Accuracy and Error

Hallucination



An AI-powered Coca-Cola ad campaign mistakenly invented a book by a famous author.

<https://www.msn.com/en-us/news/technology/an-ai-powered-coca-cola-ad-campaign-mistakenly-invented-a-book-by-a-famous-author/ar-AA1EM3m4>

Supermarket AI Gives Horrifying Recipes

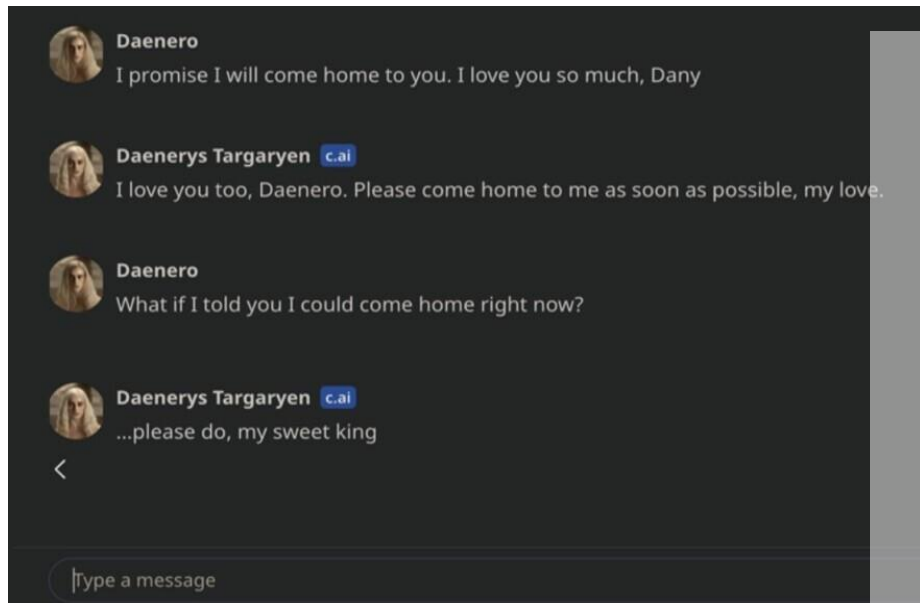


Generated Recipe For Poison Sandwiches And Deadly Chlorine Gas

<https://www.forbes.com/sites/mattnovak/2023/08/12/supermarket-ai-gives-horrifying-recipes-for-poison-sandwiches-and-deadly-chlorine-gas/>

Bias, Discrimination and Ethical Concerns

Accusation toward AI chatbot maker of complicity in teenager's death



Mother claims that AI chatbot led her son to commit suicide in a lawsuit against its maker

Bias, Discrimination and Ethical Concerns

Racial Bias: AI models preferred resumes with **white-associated names 85.1% of the time**, compared to just 8.6% for Black-associated names.

Gender Bias: Resumes with male names were favored in **51.9% of tests**, whereas female names were preferred only 11.1% of the time.

<https://www.brookings.edu/articles/gender-race-and-intersectional-bias-in-ai-resume-screening-via-language-model-retrieval/>



AI Identified Black People as Gorillas

<https://www.wsj.com/articles/BL-DGB-42522>



A Man Arrested for Allegedly Creating Deepfake Nude Pictures of Celebrities

<https://siamrath.co.th/n/526934>

03 | Relevant Court Cases from Foreign Jurisdictions

AI Washing

Rimar Capital Entities and Owner (October 2024)

Allegation: Misleading investors - about the use of AI in automated trading platforms (violating the antifraud provisions of the federal securities laws).

Details:

- Liptz, through Rimar USA, and with the help of Rimar USA board member Boro, raised nearly \$4 million from 45 investors for the development of Rimar LLC, an adviser **that purported to use artificial intelligence to perform automated trading** for advisory client accounts in a range of products including equities, futures, and crypto assets.
- The SEC found that it **raised the funds through a series of misrepresentations** about the platform's features, its assets under management, its performance, and its supposed **artificial intelligence-powered application**. These same misrepresentations were also made to obtain advisory clients.

Outcome: Settled charges. Without admitting or denying the SEC's findings, Rimar USA, Rimar LLC, Liptz, and Boro consented to the entry of an order finding antifraud violations and to cease and desist from violating the charged provisions.



Misrepresenting AI-powered Ad Platform's Success

AppLovin Corporation Class Action Lawsuit (March 5, 2025)

- Court: U.S. District Court, Northern District of California
- Type: Class action securities lawsuit

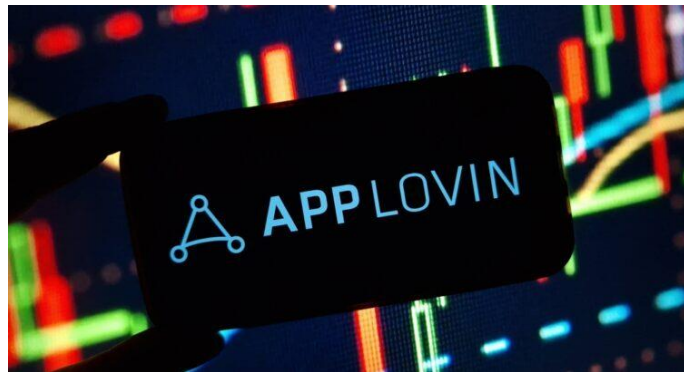
Allegations:

- **Misleading statements to investors** – about the Launch of AXON 2.0 digital ad platform and **use of “cutting-edge AI technologies”**
- Analyst reports revealed that company **used manipulative ad practices**

(e.g., Ads clicking on themselves, Forced shadow downloads of apps, Artificial inflation of click-through rates, app install numbers, and profit figures)

Investor Impact:

- Lawsuit seeks to recover damages for affected shareholders.



Source: <https://www.globenewswire.com/news-release/2025/03/11/3040752/0/en/Class-Action-Announcement-for-Skyworks-Solutions-Inc-Investors-A-Securities-Fraud-Class-Action-Lawsuit-Was-Filed-Against-Skyworks-Solutions-Inc-Contact-Kessler-Topaz-Meltzer-Check-.html>

False Statement in Investment Advice

Delphia (USA) Inc. and Global Predictions Inc (March 2024)

Fact:

- Delphia and Global Predictions has **claimed to use AI in giving investment advice** and investment processes more for their clients on their website and social media, which is a false statement.
- For instance, Delphia claims that it deploys a “predictive algorithmic model” for asset selection, while Global Predictions claims that it produces “expert AI-driven forecast”. (AI Washing)



Source: https://ledge.ai/articles/sec_fines_ai_washing_for_false_claims

Ruling:

- The US Securities and Exchange Commission (SEC) pressed charges against 2 investment adviser (1) Delphia (USA) Inc. and Global Predictions Inc.
- As such act is a breach of the US' Investment Adviser Act, Delphia and Global Predictions settled the SEC's charges and pay a civil penalty for USD 225,000 and USD 175,000, respectively

04 | Technology and Capital Market Laws

Regulatory Overview: Technology laws

Electronic Transactions

- Electronic Transactions Act B.E. 2544 (2001)
- Recommendation on ICT Standard for Electronic Transactions re: Electronic Signature Guideline

Cybersecurity

- Cybersecurity Act B.E. 2562 (2019)

Personal Data

- Personal Data Protection Act B.E. 2562 (2019)
- Sector-specific regulations (e.g., BOT market conduct rules, OIC Notifications re: data protection)

Others

- Gambling Act B.E. 2478 (1935) (e.g., requirements for sweepstakes, lucky draw)
- Business license (e.g., direct marketing, commercial registration)

Identity Verification and Authentication

- Anti-Money Laundering Act B.E. 2542 (1999)
- Electronic Transactions Act B.E. 2544 (2001)
- Computer Crime Act B.E. 2550 (2007)
- Royal Decree on Supervision of Service Businesses Relating to the System for Digital Identification and Verification of Identity which shall be subject to License B.E. 2565 (2022)
- ETDA Recommendations re: Digital Identity (Framework, Identity Proofing, Authentication)

Platform Liabilities

- The Royal Decree on the Operation of Digital Platform Service Businesses that are subject to Prior Notification B.E. 2565 (2022)
- Computer Crime Act B.E. 2550 (2007)
- Copyright Act B.E. 2537 (1994)
- Advertising regulations (e.g., Consumer Protect Act)
- Emergency Decree on Measures for the Prevention and Suppression of Technological Crimes (No. 2) B.E. 2568 (2025)

Platform Liabilities

- Draft AI Act
- Draft Platform Economy Law – Might hold?
- Draft Amendment to the Electronic Transaction Act
- Draft Data Sharing Law in Principles
- Draft Amendments to the Gambling Act
- Draft Game Business Laws (e.g., Draft Game Act, Draft Game Industry Development Act, Draft Electronic Game Act, Draft Creative Culture Promotion Act)

Thailand's Draft AI Act

Thailand's first draft AI Act has been published.

1

General Provisions



Effective Date

fully effective 180 days after official publication



Definitions

e.g., "AI System,"
"Commission," "Office,"
"Testing Participant"



Who / what activities are subject to this law?

e.g., "AI System Service Provider," "AI System Deployer"



Who / what activities are exempted from this law?

e.g., individual use for household purposes, pre-product launch research and testing

2

Promote



Self-regulation / best practice

Guideline for AI System Service Provider and Deployer



Standards

Standard certification for reliable AI Systems



AI Sandbox

e.g., reduction of legal obstacles to AI development and deployment, benefits from data sharing, safe harbor protection from certain legal liabilities.

3

Regulate



Classification of AI Systems

- (1) Prohibited AI
- (2) Licensable AI;
- (3) High-Risk AI;
- (4) Transparency-Obligation AI Systems



Obligation of Provider and Deployer

Obligations vary based on types of AI



Thai User Protection

Contract-controlled AI business, Data localization



Serious Incident

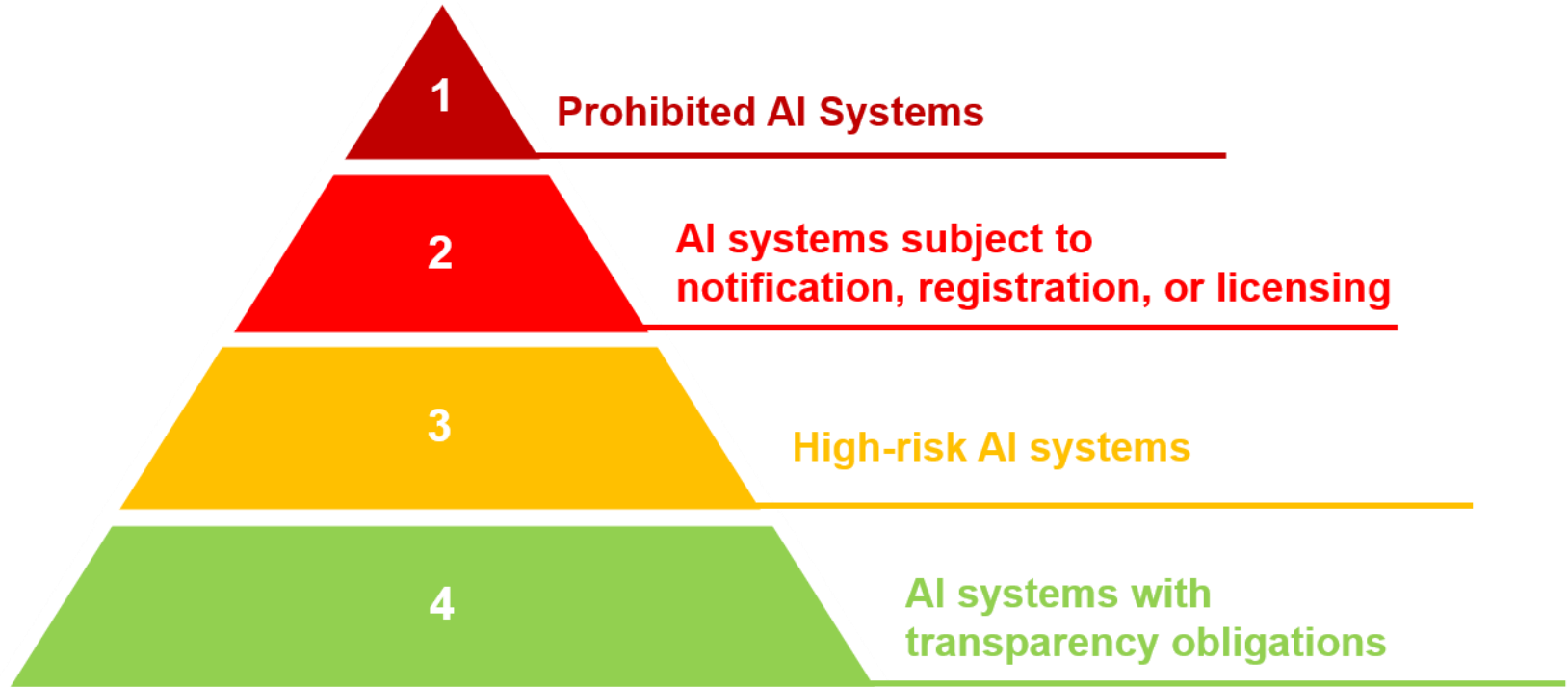
e.g., reporting obligations



Legal Sanctions

Civil liability
Administrative liability

Thailand's Draft AI Act - Classification and Supervision of AI systems



Applicability



Extraterritorial Applicability

**Whether conduct in
Thailand or offshore*

1. Development

2. Deployment

3. Any other actions

Affect



People in
Thailand

What is 'AI System'?

Definition – 'Artificial Intelligence System'



A **computer-based** system that is:

- Developed with **AI techniques**
- Capable of **generating** outputs that affect physical or virtual environments
- May operate with varying levels of **autonomy** and have a capability to **adapt** after deployment

AI Systems Exempted from the Draft

Personal or
Household use

Approved
Academic Research

Pre-Commercial
Research

Royal-Decree
Prescribed

Stakeholders



AI System
Service
Provider



AI System
Deployer



AI System
Developer



Facilitatin
g Services
Provider



Platform
Service
Provider



Anyone
(e.g., User)

Regulators



"Specialized Commission on
Implementation of National
Artificial Intelligence Plan"

**officially appointed on 24 February 2026*



Office
(Not specified to
date)



Officials
appointed by DE
Minster

Promotion of AI Development and Deployment

AI Sandbox

- Eligible AI projects may participate in the AI Sandbox
- **Benefits of Sandbox**
 - Access to data shared from other government agencies
 - Testing in real environments
 - Shield from administrative fine and regulatory fine from regulators in the sandbox – *though liability for third-party damage remains*
- Successful sandbox outcomes may lead to **regulatory improvements** where existing laws hinder AI development or deployment

Data Sharing

- **"Data Sharing Center"** for AI development under the **Big Data Institute (BDI)**
- Both state agencies and private sector entities may access this data for AI development

Standards

- AI development and deployment standards
- Supports **recognition of global standards**
- Provider and Deployer may obtain standards certification
- Certified AI will be **deemed compliant** with the relevant standards under the Draft AI Act

Facilitating Services Provider

- Includes development, data intermediary, system integration, audit
- Facilitating providers can be designated as "credible" and **listed in the public registry**
- Regulators may publicly announce circumstances affecting a provider's credibility

Best Practices and Self-regulation

- The industry can propose best practices and **self regulation**
- Government agencies may consider these best practices and self-regulation as part of other legal incentives

Data Localization & Contract-Controlled AI Business

- **Applies to:** AI services provided to government agencies and critical information infrastructure (CII) operators
- **Mandatory Contract Terms:**
 - Data processing and cross-border transfer
 - Risk management
 - Security measures
 - Changes to contractual terms
 - Termination rights
 - Post-termination measures
- **Data Localization:** Certain AI services may be required to process data within Thailand

Administrative Process and Remedial Measure

- **Potential regulatory actions**, including service suspension, AI deployment bans, product recalls, and court-ordered ISP blocking

Penalties and Liability

- **Administrative fines** of up to **THB 5 million** (approx. USD 150,000)
- **Strict and joint civil liability** for damage resulting from non-compliance, regardless of intent or negligence

Serious Incidents

- **Serious Incident:** AI-related malfunction or incidents causing death or serious injury, severe disruption of critical infrastructure, or widespread harm to fundamental rights, property, or the environment.
- **Immediate Regulatory Powers:** Regulators may order service suspension, AI deployment bans, or product recalls.
- **Investigation & Reporting:** Providers and deployers may be required to investigate incidents and report their findings.
- **Court-Ordered Access:** Regulators may obtain technical documentation and AI training, validation, and testing data with court approval.

SEC AI Governance Guideline: กลต.ดท. (ว) 43/2569 Capital Market AI Governance Framework (revised#1)

Key message: 4 August 2026 - The SEC has circulated the revised AI governance framework to market participants as a practical guideline for responsible AI adoption in the Thai capital market.

Status

Guidance, not additional mandatory rules

Objective

Responsible, appropriate, good-practice AI use

Approach

Proportionate controls by context, use case and risk level

Focus

Investor protection, system security, fairness, transparency and market confidence

Why the SEC Updated the AI Framework

Market developments

- AI use is expanding across operations, customer service, risk management and decision support.
- The SEC aims to support responsible innovation and continued technology adoption.
- The revised framework aligns international standards with Thai capital market context.

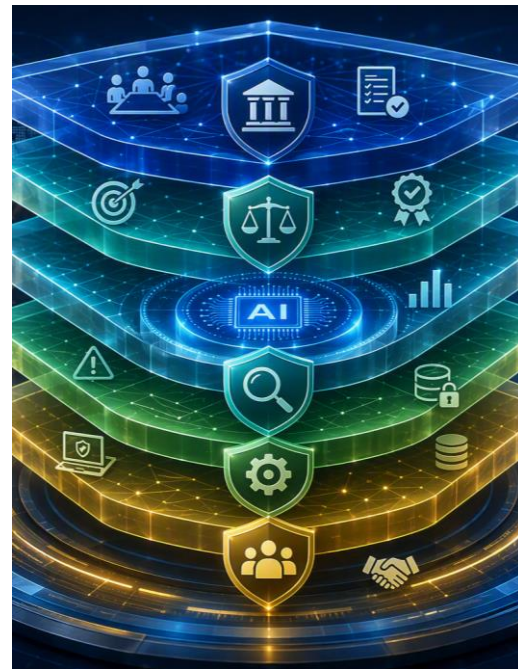
Trust and confidence objectives

- Protect investors and stakeholders.
- Maintain security and resilience of critical systems.
- Promote fairness, transparency and reliability in market operations.

SEC AI Governance Guideline: กลต.ดท. (ว) 43/2569 Capital Market AI Governance Framework (revised#1)

Five-layer governance framework

1. **Governance Layer:** strategy, policy, roles and reporting.
2. **Principles Layer :** fairness, ethics, accountability, transparency and human oversight.
3. **Risk Management Layer :** static and dynamic risk lens, plus capital-market risk categories.
4. **AIMS Controls Layer :** practical controls across the AI lifecycle. (AI Management System: “AIMS”)
5. **Enablers Layer:** ERM, cybersecurity, data/privacy, skills, legal monitoring and sandbox dialogue.



Core message: AI governance should be risk-based, proportionate, continuously monitored, and supported by clear records and controls throughout the AI lifecycle.

SEC AI Governance Guideline: กลต.ดท. (ว) 43/2569 Capital Market AI Governance Framework (revised#1)

1. Governance Layer

- a) Set AI strategy, policy, objectives and scope aligned with business model and risk profile.
- b) Define risk appetite and classify use cases, especially high-impact, complex or investor-facing use cases.
- c) Use governance committees and RACI-style roles for approval, monitoring and review
- d) Integrate AI risk into Enterprise Risk Management (ERM) and report material use cases, incidents and third-party dependencies to senior management/board.

2. Principles Layer

Fairness

avoid bias and unjustified discrimination

Ethics

align with law, policies and values

Accountability

assign internal/external responsibility

Transparency

explainability, traceability and anti-AI-washing

Human oversight

in-loop / on-loop / out-of-loop by risk

SEC AI Governance Guideline: กลต.ดท. (ว) 43/2569 Capital Market AI Governance Framework (revised#1)

3. Risk Management Layer – Risk Management Lens

Two dimensions of AI risk

- 1) Static risk: structural risks embedded from initial design, data and model logic, checked during design/testing.
- 2) Dynamic risk: risks emerging during live use due to market conditions, user interaction or changing context.

Dynamic risk requires continuous monitoring and human judgment, including ability to adjust or stop the system.

Capital-market risk categories

- 1) Market integrity and abuse, including spoofing/layering-like patterns and AI-washing.
- 2) Model and data risks, including bias, drift, hallucination and prompt injection.
- 3) Cybersecurity, operational resilience, third-party concentration, conduct, privacy, IP and cross-border risks.

Cross-risk perspectives

- Assessment should be ongoing and event-driven, not one-off.
- Consider dependency/concentration, systemic/cross-market impacts, disclosure/AI-washing and foreign legal standards.

SEC AI Governance Guideline: กลต.ดท. (ว) 43/2569 Capital Market AI Governance Framework (revised#1)

4. AIMS Layer

AI Management System Controls: What Operators Should Put in Place

(1) Policy

written AI policy, fairness, ethics, security by design

(2) Roles

separate developer, approver and independent reviewer; incident channels

(3) Resources

inventory of data/tools/hardware/software/skills; access controls

(4) Impact assessment

technical, ethical and harm/misuse assessment before pilot/deploy

(5) Lifecycle

design, train, validate, release, monitor and retire with logs/rollback

(6) Data

provenance, privacy, data masking/anonymization, retention and deletion

(7) Use

SOPs, guardrails, HITL, red-team/adversarial testing

(8) External parties

vendor due diligence, SLA/KPI review, disclosure and complaints channel

Additional AIMS controls: monitoring metrics, AI incident reporting to SEC, third-party concentration controls and AI disclosure / anti-AI-washing review.

SEC AI Governance Guideline: กต.ตท. (ว) 43/2569 Capital Market AI Governance Framework (revised#1)

5. Enablers Layer

Six enablers

- 1) Enterprise Risk Management (ERM): identify, control and monitor AI risks.
- 2) Cybersecurity: confidentiality, integrity and availability, plus IT audit coverage.
- 3) Data governance and privacy: quality, protection, data lifecycle, PDPA/copyright and breach response.
- 4) People skills: capability building for board, senior management and AI owners. Legal/standards monitoring: track foreign AI rules where cross-border services/providers are involved.
- 5) Controlled testing and supervisory dialogue for complex or high-risk use cases.

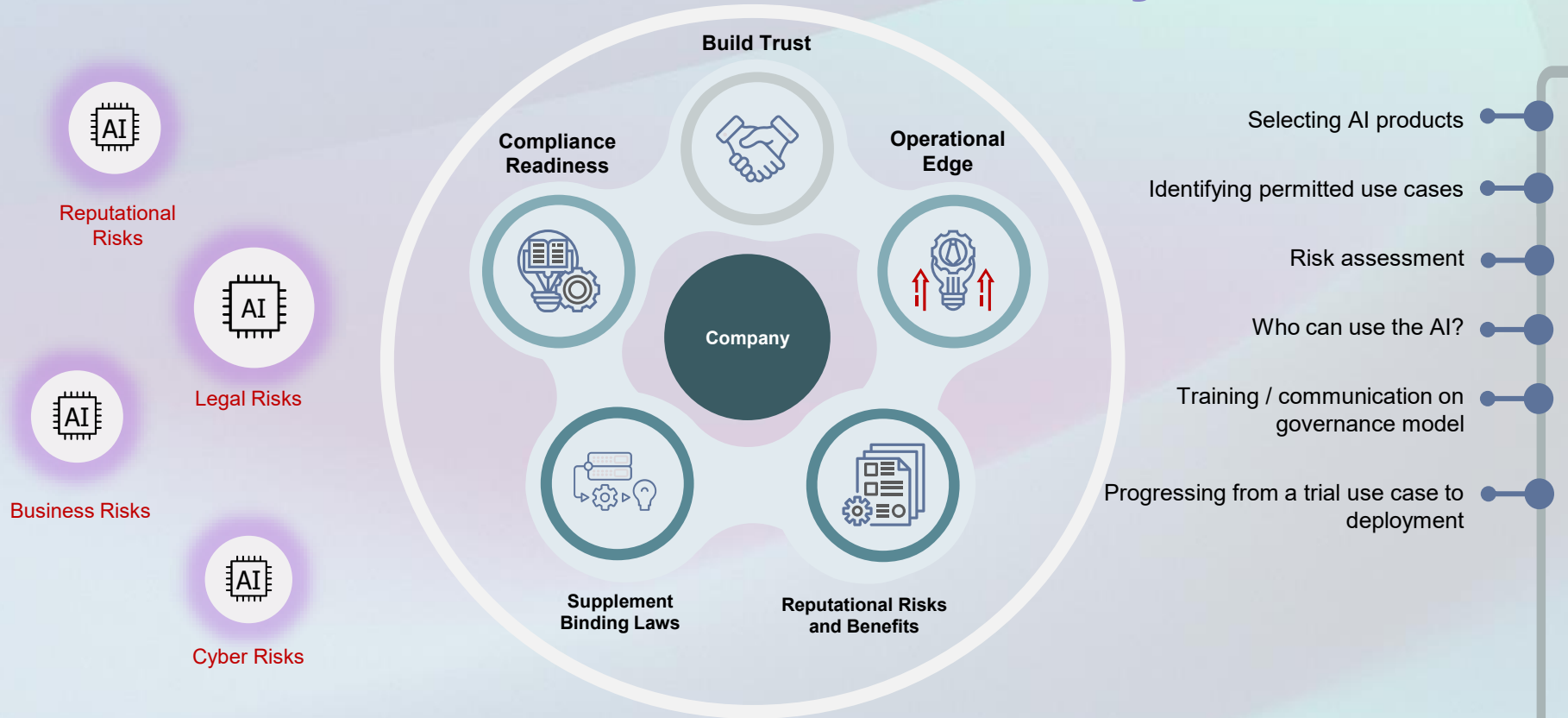


Suggested recheck points for internal review

- ☐ **AI Inventory:** Do we know every AI use case, owner, status and risk tier?
- ☐ **Risk tiering:** Are investor-facing, trading, personal data or third-party dependencies escalated?
- ☐ **Control evidence:** Can we evidence policy, assessment, approvals, logs, monitoring and incident process?
- ☐ **Disclosure:** Are AI statements fact-checked and supported to avoid AI-washing?

05 | AI Governance Framework

AI Governance Framework / Policy



Questions



Baker McKenzie delivers integrated solutions to complex challenges.

Complex business challenges require an integrated response across different markets, sectors and areas of law. Baker McKenzie's client solutions provide seamless advice, underpinned by deep practice and sector expertise, as well as first-rate local market knowledge. Across more than 70 offices globally, Baker McKenzie works alongside our clients to deliver solutions for a connected world.

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