

Naz Jalali and Rana Ozer discuss the Securities and Exchange Commission's (SEC) position on public disclosures relating to artificial intelligence (AI) in *The Legal Intelligencer*. The surge in integration has prompted the SEC to emphasize the significance of accurate and comprehensive AI-related disclosures. Public companies must ensure their AI statements are tailored to their specific organization rather than using vague, generic language and clearly state how and where AI is being used, while calling out the potential risks. This arises from concerns regarding "AI washing", when companies exaggerate or misrepresent their AI capabilities.

Companies need to adopt a deliberate approach to their disclosures to comply with the SEC's heightened focus. They should evaluate the material impact of AI on their operations and financial health and disclose findings in their periodic reports. Specific areas of concern include outlining AI-related risks, such as regulatory, operational, and ethical challenges, and clarifying the governance framework for AI deployment. It is imperative that companies do not embellish their AI capabilities and instead make appropriate disclosures regarding the impact of AI. As AI advances and becomes integral to business strategies, transparency and accuracy in reporting will be critical.

To read more, [click here](#).



Mehrnaz Jalali

Member

mjalali@cozen.com
Phone: (212) 453-3949
Fax: (212) 509-9492



Rana Ozer

Associate

rozer@cozen.com
Phone: (212) 908-1275
Fax: (212) 509-9492

Related Practice Areas

- Capital Markets & Securities
- Corporate