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A “Super Intelligent” SEC Examination? Signals in the FY2027 Priorities

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On October 23, 2026, the Securities and Exchange Commission announced the Division of Examinations’ fiscal year 2027 examination priorities. The priorities are released annually and, while they frequently include incremental changes, the focus areas for private fund advisers are usually relatively static. Familiar concerns include advisers’ adherence to their fiduciary duties, conflicts of interest, compliance programs and cybersecurity, and this year is no different.

Within those areas, the FY2027 priorities give more specific attention to private fund risks and economic conflicts, alongside continued scrutiny of technology and customer-information safeguards. Notably, they expressly identify private fund fee and expense calculations at both the fund and investment levels, a topic whose omission from the FY2026 priorities we noted last year, and flag a focus on broker-dealers’ supervision of payments to unregistered persons who may be acting as finders. We discuss these and other notable matters below.

A potentially more significant development, however, concerns how examinations may be conducted: in the introduction, the Division outlines plans for its own use of artificial intelligence, which the federal government now refers to as “super intelligence” (SI).[1] If rolled out and used effectively by examination staff, SI could meaningfully increase the scrutiny registrants experience in examinations. Even without any change in the stated priorities, examiners equipped with these tools may simply find more, and an examination that identifies more issues will likely feel more rigorous to the registrant being examined.

The Division’s Next Steps with SI

The introduction describes a sustained effort by the Division to integrate SI into examinations and risk assessment, including identifying tools that could strengthen analysis, improve efficiency and detect patterns across complex datasets. It describes a modernization initiative at the core of that effort but does not identify particular tools or say when they will be deployed.

The Division's plans also reflect a change in the SEC's approach to technology since 2023, when it proposed a rule governing "predictive data analytics," whose scope extended even to use of certain spreadsheets in investor interactions. That proposal was withdrawn in 2025; now, the Division is discussing how advanced tools could improve its own work while examining registrants' use of them under existing, technology-neutral obligations. That is consistent with the approach we anticipated earlier this year.

While the Division has used various machine-based techniques for years to analyze data and identify risks, its use of them to date appears modest compared with what it now suggests lies ahead. According to the SEC's most recently published list of SI use cases (which has not been updated since 2025), the Division has already deployed tools that, among other things, search and analyze filings, match names and identify potentially manipulative activity in certain accounts. Another tool, in use since 2015, analyzes data "to predict entities with certain risk characteristics." The list also shows tools that were not yet deployed at that time, such as a search tool that would summarize public websites and let staff ask questions about them, a chatbot that would answer staff questions about internal SEC guidelines and procedures, a note-taking assistant that would help staff review and analyze examiners' notes, and a tool that would identify potentially manipulative trading activity in registrant data. The SEC said the note-taking assistant and the website search tool, both generative tools, were intended to improve "risk analysis during examinations." A tool shared with the Division of Enforcement, also not yet deployed at that time, would "search, retrieve, organize and summarize information across multiple systems" to support initial research in examinations and enforcement matters.

Taken together with the staff's current statements, the Division appears to be moving from tools that analyze data and flag risks toward tools that would be used in the examination itself. If so, the effect on registrants may come less from new rules than from what examiners can review and connect.

What Could Change for Registrants

For registrants facing large document requests, the practical implications could be substantial. Registrants are frequently asked to produce a very large volume of information – which can be tens of thousands of pages – in response to the SEC's initial request list. While registrants commonly receive follow-up requests indicating that certain documents have been reviewed closely, they generally have limited visibility into how comprehensively the staff has reviewed the rest of a production. In many examinations, a registrant provides a document to the staff expecting it to prompt detailed questions, but the registrant never receives anything additional on the topic.

If new tools allow examiners to review more of a production, or to connect information across documents that would otherwise be reviewed separately, they could identify issues that previously might have gone unnoticed.

Allocation is a fitting example, since the priorities identify "disclosures related to certain investments and allocations" as a focus in examinations of private fund advisers. A tool could compare allocation disclosures across several generations of funds (and affiliated co-investment vehicles) against the registrant's compliance manual and records of allocation decisions. One fund's disclosures might describe priority access to certain investments, another's might reserve broad allocation discretion, and the compliance manual might prescribe a common allocation process without explaining how those differences are accommodated. Reviewing those materials together could help staff identify a pattern of decisions that appears consistent with the firmwide policy but not with the disclosures governing a particular fund. The same capability could help staff distinguish an isolated mistake from a recurring practice.

As a result, registrants may now need to redouble their focus on whether their operations are consistent across all of their books and records, in addition to whether each requested item can be located and delivered and whether each document appears compliant when read in isolation. We noted a related issue in our recent discussion of the Division's risk alert on annual compliance reviews, where written policies, actual practices and sometimes investor-facing disclosures had drifted apart without the annual review catching it.

Beyond what examiners find, SI may also affect which registrants are examined. Alongside the risk-prediction tool mentioned above, the priorities describe an "examination projection model to improve risk-based resource allocation." If these tools play a larger role in selecting firms for examination, inconsistencies in public filings, such as Form ADV, may draw more attention.

Both possibilities may strengthen the incentive for registrants to improve their own compliance testing. A registrant could use tools to compare disclosures, policies and actual practices before an examination, then investigate and address discrepancies.[2] That need not mean adopting the same technology as the SEC, and the priorities create no new obligations. Any decision to use SI should account for the confidentiality of the information involved, privilege issues and the need to validate the output before relying on a tool's conclusions.

Exam response may also require greater attention to explaining context. An apparent discrepancy might reflect additional documentation or context that was not available to the SI tool that flagged the issue, rather than a compliance violation. Registrants should be prepared to explain potential issues and provide the relevant records. The Division's new Exam Handbook encourages registrants to raise misunderstandings promptly and provide additional information concerning potential findings. The Handbook also states that the staff "does not consent to the use of recording, transcription, super intelligence notetaking tools, or other similar technologies," which firms that routinely use SI notetakers should keep in mind for meetings with examiners.

Notable Matters in the Priorities

Apart from the Division's own use of SI, several matters differ from last year and merit attention:

- **Private fund risks**. The priorities expressly identify investment and allocation disclosures, borrowing and fund-level credit lines, affiliated service providers, and fee and expense calculations at both the fund and investment levels.
- **Private credit and valuation**. The SEC's press release lists "Private funds, private credit, and other complex investment strategies" among its key areas of focus, and the priorities note a focus on the "reasonableness of [advisers'] valuation processes and methodologies." References to private credit and valuations also appear in the registered fund and broker-dealer sections.

- **Economic conflicts**. The Division specifically highlights fee rebates, fee and expense calculations, cash management, quid pro quo arrangements, deposits and withdrawals, citing its June 2026 risk alert on economic conflicts, which we discussed here.
- **Broker-dealer compensation and supervision**. The Division will review broker-dealers' supervision of payments to unregistered persons potentially acting as finders and transaction-based compensation paid to unregistered personal-service entities. Private fund sponsors that pay placement agents or other intermediaries may want to watch how it develops.
- **Technology and privacy**. Topics include SI-enabled phishing, deepfakes and identity theft; policies and procedures for monitoring use of SI in firm operations; and implementation of Regulation S-P policies. Unlike last year, the priorities do not specifically call for reviewing the accuracy of firms' "representations regarding their AI capabilities."
- **Growing firms and dual registrants**. The Division will prioritize advisers that have "grown through mergers, acquisitions or other means" or have geographically dispersed operations, including assessing whether compliance programs have adapted. Firms registered with both the SEC and the CFTC should also note the agencies' enhanced memorandum of understanding, which the priorities say includes "opportunities for joint or aligned examinations."
- **Priorities not mentioned**. Similarly to last year, the priorities do not mention crypto assets, and tokenization appears only in contexts not relevant for advisers. The Marketing Rule is not named specifically (though it will be reviewed as part of registrants' compliance programs), and best execution now appears only in the broker-dealer section. Advisers are no longer mentioned in the anti-money laundering discussion. As the press release notes, the priorities are "not an exhaustive list" of the matters examiners will review.

The Role of Staff Judgment

The Division says SI tools will be "supplementing, but not replacing, staff judgment." Whether that commitment holds in practice will be important. Used as a first-pass review, with staff thoughtfully considering the context and materiality of potential findings, SI could make examinations more efficient and effective. But if the output of tools is routinely adopted with little modification before being sent to registrants, a faster first pass review may simply become a slower examination, as registrants work through questions that should have been screened out before they were asked.

[1] The term comes from Executive Order 14434, which states that the nation is "once again pushing the technological frontier forward" and concludes that the term "more appropriately captures the promise, potential, and rapidly advancing capabilities of these technologies" than "Artificial Intelligence." The order directs agencies to use the new term in place of the old one and defines "Super Intelligence" and "SI" to mean the technologies already encompassed by the existing statutory definition of artificial intelligence. We use "SI" here for consistency with the Division's usage.

[2] A tool-generated list of potential compliance issues may itself be requested in an examination, so firms should plan in advance how findings will be reviewed, resolved and documented. In general, we recommend that firms consult counsel about the scope and structure of the review, the information to be uploaded and the handling of any findings. Even when using enterprise-grade tools, specific steps could be necessary to address confidentiality, applicable recordkeeping obligations and preservation of any available attorney-client privilege or work-product protection.

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