



Connecting Fiduciary Wealth Advice to Compliant Decisions

Why growing RIAs need a repeatable way to document the “why” behind decisions as client interactions, channels, and portfolios get more complex - lessons from the post-2008 banking era, without bank-sized budgets.



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Key Takeaways

- **The Evidence Mandate:** Fiduciary duty now requires a "traceable" evidence chain from intent to execution.
- **The Fragmentation Risk:** M&A and digital comms have created "Islands of Truth," increasing audit risk.
- **The Solution:** A Fiduciary Evidence Layer connects unstructured conversations (emails/texts) to structured trade data.
- **The Outcome:** Firms achieve bank-grade audit readiness and significant gains in advisor capacity without a bank-sized budget.

Fiduciary duty is not new. What is new is the standard of proof that clients and regulators increasingly expect. It is no longer enough to give good advice; firms must be able to show the evidence chain behind that advice: what the client asked for, what was recommended, what disclosures were provided, what was executed, and how the portfolio was monitored afterward.

At the same time, the operating environment for RIAs is becoming more challenging. Portfolios are more complex, client interactions are more frequent, and communication channels have expanded well beyond the quarterly meeting. Add the ongoing wave of RIA M&A - which often brings together multiple custodians, CRMs, portfolio systems, and archiving tools - and even well-run firms can find themselves with a fragmented record of "why" behind the "what."

This paper outlines a practical, non-technical approach to building a Fiduciary Evidence Layer: a repeatable way to connect client intent and approvals (often captured in unstructured communications) to portfolio decisions and trades (captured in structured systems). We then show how a governed intelligence platform like Clarista helps make that evidence continuous, searchable, and audit-ready.

Fiduciary Responsibility in Plain English

Most advisors describe fiduciary duty the same way their best clients do: **"Do what's right for me, and be able to explain it."**

In practice, fiduciary responsibility combines two expectations:

Care

Recommendations should be grounded in the client's goals, constraints, and a reasonable understanding of risks, costs, and alternatives.

Loyalty

The client's interest must come first, and conflicts must be eliminated or fully disclosed and appropriately managed.

Those principles become real when something changes - a new investment idea, a liquidity need, a tax event, a market shock, a family member joining the decision process, or a sudden change in risk tolerance. These moments are where trust is built and where compliance gaps tend to appear when documentation and supervision are inconsistent.



Suvrat Bansal
CEO and Founder

“

In the modern RIA,
trust is a data
requirement. If you
can't trace the
evidence chain, the
trust is at risk.

”

Why Clients Prefer Fiduciary Advisors

Clients hire RIAs for more than investment selection. They hire them for alignment, clarity, and accountability.

When clients say they want a fiduciary, they are usually looking for three things:



Confidence that advice is not being shaped by hidden incentives.



A clear explanation they can repeat to a spouse, parent, or adult child.



A relationship where recommendations are documented and revisitable, especially when markets move or family priorities change.

This preference is amplified by the realities of modern wealth: multi-generational households, multiple account types, held-away assets, and more family members participating in decisions. The advisor's job increasingly includes helping families align around decisions and remember the reasoning months later - not just executing a trade.

What Compliance Teams Must be Able to Demonstrate

Regulators are not asking for a perfect outcome. They are asking for a credible, consistently followed process.

In a healthy RIA, compliance should be able to answer questions like these without a weeks-long scramble:

- What did the client request, and who had the authority to request it?
- What was the advisor's recommendation, and what facts or analysis supported it?
- Were conflicts disclosed and documented appropriately for this specific client and product?
- What approvals were obtained (and from whom) before execution?
- What was executed, when, and in what accounts - and does the execution align with the recommendation?
- How was the position monitored and communicated afterward, especially if the investment moved materially?



The underlying challenge is that the evidence for these answers is rarely in one place. Advice and intent live in emails, meeting notes, call summaries, and messages. Execution lives in custodial feeds, order tickets, portfolio accounting systems, and transaction logs. If those two worlds are not connected, the firm is forced into manual reconstruction when it matters most.

Finally, the definition of "evidence" is widening. Beyond suitability and disclosure, firms are increasingly expected to demonstrate disciplined controls around client data privacy and safeguarding, including incident response readiness and client notification obligations under updated privacy and safeguards requirements.

What Recent Enforcement Trends are Signaling

Across recent SEC actions involving marketing disclosures, recordkeeping, and technology-related claims, a consistent theme emerges: many firms get in trouble not because they lacked good intentions, but because they could not substantiate what they said or did, or could not produce the required records in full and promptly. This matters for RIAs because operational gaps in marketing and recordkeeping often mirror those in fiduciary documentation: inconsistent disclosures, missing evidence, and supervision processes that exist on paper but not in practice.



Why Compliance is Becoming Harder

Advisors feel the squeeze from multiple directions. Each one makes sense on its own; together they create a compounding compliance burden.



01

Portfolio complexity has increased. More portfolios include alternatives, structured products, tax-aware strategies, concentrated positions, and multiple sleeves managed across managers and platforms. Explaining a decision - and documenting why it was appropriate - is more involved than it was when most portfolios were simple mixes of public funds.

02

Client interactions are more frequent and more digital. A client might propose an idea in a text on Monday, request a follow-up on Wednesday, and reference it again in a quarterly meeting two months later. Each touchpoint can carry compliance relevance, especially when it involves a recommendation or a change in portfolio action.

03

Advisor capacity is stretched. Growing the book requires more clients and more responsiveness, while supervision requires more documentation. In many firms, the documentation gets deferred until "later," which is exactly how evidence gaps are created.

04

Finally, RIA M&A is accelerating. Consolidation often brings together different custodians, CRMs, portfolio accounting systems, performance tools, document repositories, and archiving vendors. The combined firm inherits multiple ways of recording advice and multiple versions of "the truth." Without an aggregation and synthesis layer, connecting client intent to executed trades becomes harder just as the firm's risk surface grows.

The Fiduciary Evidence Layer

To make fiduciary duty scalable, RIAs need a simple operating model: a way to connect intent to action with consistent, retrievable evidence. We call this the Fiduciary Evidence Layer. It is not a new department or a new burden. It is a set of repeatable linkages that turn everyday work into audit-ready proof.

A **Fiduciary Evidence Layer** typically includes four capabilities:



A unified view of portfolio activity (accounts, holdings, transactions, fees, models).



A unified record of advice-relevant interactions (meeting notes, approved messages, call summaries, emails, approvals).



Governance and traceability (classification, access controls, quality checks, and a clear "where did this come from" lineage).



Ongoing surveillance (flagging exceptions early, rather than discovering them during an exam or client complaint).

Notice what this does: it shifts compliance from reactive reconstruction to proactive capture. The day-to-day byproduct of good advisory work becomes structured evidence without requiring advisors to write a novel after every trade.

A Relatable Scenario: the “\$10,000 AI stock” Text

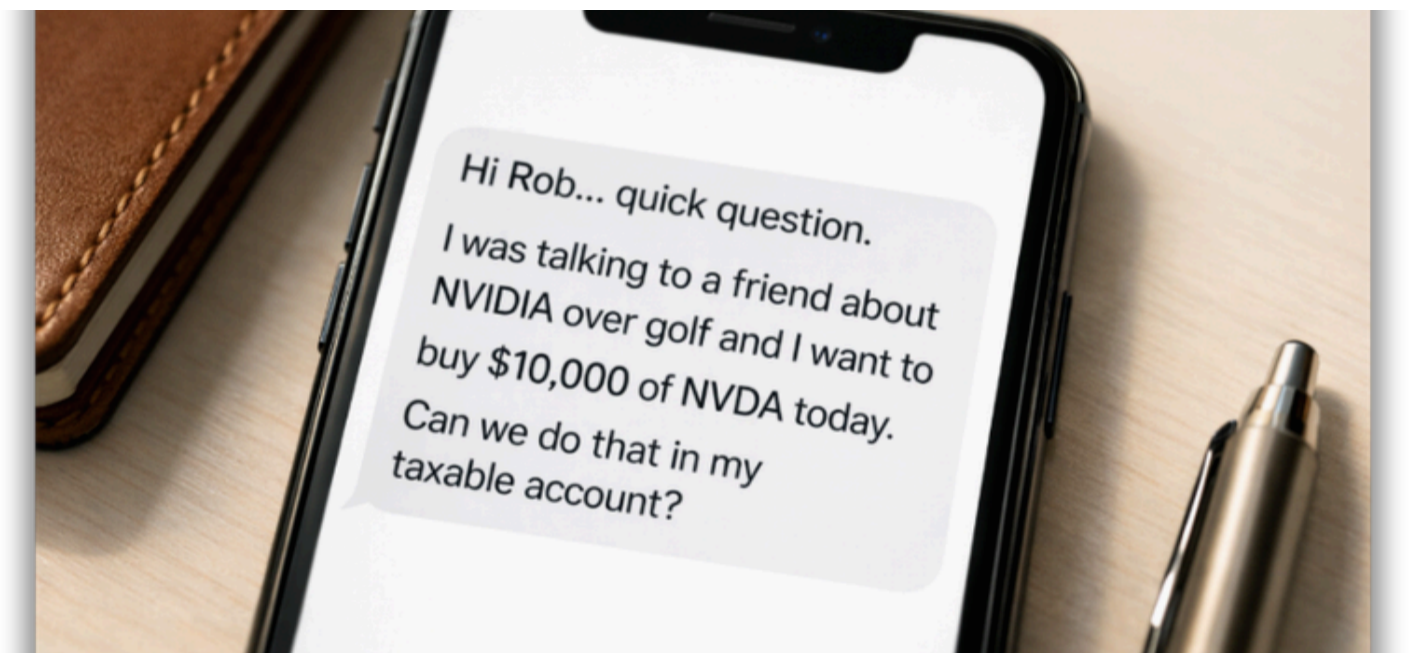
Consider a common situation in a multi-generational client relationship.

The Carter family involves three generations. The parents are the primary decision-makers and signatories on the family's trust account. Their adult son, Alex, has his own taxable account that the firm manages, and he is also an interested voice in broader family discussions. The family's investment policy is clear: diversified core portfolios, limits on single-stock concentration, and no “impulse trades” without a documented recommendation and approval.

On a Tuesday morning, Alex sends a text to his advisor:

“I was talking to a friend during our weekend golf round about AI stocks. Although trading high, I want to take an additional \$10k position in NVIDIA (NVDA) today. Can you place the trade?”

This is believable because it happens all the time: a headline, a friend's opinion, or a social-media clip becomes a “do it now” request. The compliance risk is not the request itself. The risk is acting on it without a consistent process.



What should happen next - in a way that works for both the advisor and compliance?

Steps	Activities
01	Capture the interaction in an approved record. If the message arrived in a personal channel, the advisor should move the discussion into an approved channel or ensure the firm's archiving and supervision policies cover it. Either way, the firm needs a retrievable record of the request.
02	Confirm authority and context. Is Alex asking for his own account, or on behalf of the family trust? Does he have trading authority there? Even in his own account, does this request align with his stated objectives and risk profile?
03	Check the family's investment policy and concentration limits. Before recommending or executing, the advisor should verify whether a new single-stock position conflicts with the portfolio's guidelines.
04	Provide formal advice in writing. The advisor can acknowledge the idea, but should follow with a brief written recommendation: why it may or may not make sense, key risks, how it would fit in the portfolio, and what would need to be true for it to be a prudent decision.
05	Route the recommendation to the appropriate decision-maker. If the trade affects the family trust or a jointly governed portfolio, the recommendation should be sent to the designated family decision-maker or investment committee member for approval, not just to the family member who texted.
06	Execute with the firm's normal controls. If approved, execution should follow standard order and best-execution practices, including any internal best-interest (BI) form or trade-rationale documentation your firm requires for single-stock positions.
07	Create the evidence trail automatically. The goal is simple: months later, anyone reviewing the account should be able to trace the trade back to the original request, the recommendation, the approval, the disclosure, and the execution record without stitching together screenshots and inbox searches.

Déjà vu: the post-2008 Playbook-trust and Traceability at Scale

For many advisors, today's compliance pressure can feel new. In reality, financial services have been here before. After the 2008 crisis, regulators and risk leaders pushed the industry toward a simple idea: important decisions must be provable, not just explainable. That meant being able to trace a number on a report back to the underlying data, the controls applied to it, and the people and approvals behind the decision.

In banking, that push became formalized through post-crisis reforms (including the Dodd-Frank era in the U.S.) and global supervisory guidance. One of the best-known examples is BCBS 239, which set expectations for trust (data quality) and traceability (data lineage) as an operational requirement for risk data aggregation and risk reporting.

Large banks responded with multi-year programs—often involving new data architectures, governance controls, and lineage tooling—to produce consistent and auditable views of risk. Those programs were expensive, and many organizations spent far more than a typical RIA could justify.

RIAs face a similar shift in philosophy, but with a crucial difference: the evidence spans both structured systems (custodian feeds, portfolio accounting, trading, billing) and unstructured interactions (emails, texts, meeting notes, call summaries, portal messages). That is exactly where the modern toolset has changed the equation.

Recent innovations in data integration, such as data-fabric patterns that connect systems without copying them, and multimodal AI that can work across text, documents, and even screenshots, can be combined to create an automated audit log. **The goal is not to replicate a bank's compliance budget, but to deliver the same outcome: demonstrable trust and traceability, at RIA scale.**

Data
&
Governance

BCBS 239 is a global banking standard from the Basel Committee on Banking Supervision that requires accurate, timely, and auditable risk data and reporting.

How Clarista Makes Fiduciary Proof Practical for Non-technical Teams

Clarista was founded by data leaders who spent years working within large financial institutions, helping teams meet regulatory expectations that require governance controls, data lineage, and reporting concepts embedded in frameworks such as BCBS 239. That experience, combined with extensive exposure to wealth operations and modern AI, shaped Clarista's mission: to deliver the same trust, privacy, and traceability outcomes for advisory firms without multi-year, multi-million-dollar programs. Most advisors do not want another system. They want fewer exceptions, fewer compliance follow-ups, and less time spent reworking past issues.

Clarista is designed to support that outcome by acting as a governed intelligence layer that connects the two worlds you care about most:

- Portfolio action (structured systems)
- Client intent and approvals (unstructured interactions)



Here's the flow in simple terms.

01 **Connect to data and documents without copying them.**
Clarista connects to common RIA systems - custodians/portfolio accounting, CRM, document repositories, email archives, and approved messaging and meeting tools. Instead of pulling all data into yet another warehouse, Clarista can create a governed, virtual view so the data stays in the systems your firm (and your clients) already control.

02 **Establish trust with governance that feels invisible to advisors.**
Once connected, Clarista automatically applies governance: classifying sensitive fields, enforcing access controls, checking for missing or inconsistent data, and maintaining lineage so the firm can answer, "Where did this number come from?" or "Which source was used for this recommendation?" This is what turns dashboards and AI answers from "interesting" into "defensible."

03 **Build the bridge between evidence and transactions.**
This is the hard part for most firms. Clarista links unstructured evidence (texts in approved channels, call summaries, meeting notes, emails) to structured records (orders, trades, positions, model changes). The goal is not to guess; it is to create explicit linkages: which interaction triggered a recommendation, which approval authorized the action, and where the execution record lives. In practice, this is where AI helps: it can recognize the same security, account, and intent across messages, notes, and tickets, and propose the linkage for review.

04 **Produce an automated "proof packet" when it matters.**
When compliance reviews a trade - or when a client asks, "Why did we do this?" Clarista can assemble the relevant items into a single view: the request, recommendation, approval, trade ticket, and portfolio impact. This reduces search time and improves supervision consistency.

05 **Monitor continuously, not only during exams.**
Because the evidence layer is connected, Clarista can help compliance teams spot patterns early: repeated use of unapproved channels, gaps in recommendation documentation for certain product types, concentration exceptions, or inconsistencies between stated objectives and portfolio actions. This turns compliance into a proactive practice.

In short, Clarista does not ask advisors to become compliance experts or technologists. It reduces friction by making the evidence trail a natural output of advisory work. That is how fiduciary duty becomes scalable, and how trust becomes provable.

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Clarista is the platform for contextual intelligence that unblocks the knowledge trapped inside your enterprise. We don't just connect or catalog data; we literally create new, decision-ready intelligence from the documents, messages, and systems that define your business. This involves discovering entirely new data assets from both structured and unstructured sources, identifying previously unknown opportunities and risks, and ensuring that the most up-to-date and appropriate AI governance is in place. With built-in real-time governance and explainable outputs, Clarista ensures that what AI produces can be trusted, reused, and scaled across every workflow, product, or decision. From wealth management to private equity to vertical AI builders, Clarista empowers teams to move with confidence on newly created data they can govern from the start.

Unblock Knowledge.

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