Navigating New Frontiers: How Industry AI Standards Are Shaping Advertising Risk

Maria Lucia Yanguas and Silvio Ravaioli

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As state Attorneys General and federal regulators increasingly scrutinize the deployment of artificial intelligence, the marketing and advertising industry is rapidly self-regulating to establish clear boundaries. In January 2026, the Interactive Advertising Bureau (IAB) released its landmark *AI Transparency and Disclosure Framework*, marking the industry's first comprehensive effort to guide responsible advertising in a generative AI landscape.

The IAB framework rejects blanket labeling for minor uses of AI, opting instead for a pragmatic, risk-based approach. Specifically, it requires consumer-facing disclosures only when generative AI "materially shapes content in ways that could mislead a reasonable consumer about authenticity, identity, or representation." The

IAB identifies specific examples that it believes can trigger this risk, such as using photorealistic synthetic influencers or creating core ad images and videos directly from AI prompts.

The IAB recommends that organizations establish dedicated AI disclosure leadership to systematically review and document AI usage across all campaigns. For content requiring disclosure, the framework combines standardized consumer-facing labels with machine-readable metadata to help verify its origin.

The IAB emphasizes that, while adoption of these standards is voluntary, organizations that implement them reduce regulatory risk and build stronger consumer trust. For in-house counsel, proactive alignment with mainstream industry standards can serve as a critical shield to demonstrate corporate good faith in the face of evolving regulation and litigation within the advertising sector.

Authors



Maria Lucia Yanguas
Cornerstone Research



Silvio Ravaioli
Cornerstone Research

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