

AI-Powered Regulatory Compliance Checker

RAG System Analysis Report

Generated: 2025-11-25 19:02:07

System Overview

Module: rag_system.py - Retrieval Augmented Generation

Purpose: Retrieve relevant contract clauses and analyze compliance using vector search

Approach: FAISS-based semantic search with HuggingFace embeddings

Output: Compliance-focused Q&A; with source attribution

Model: Llama 3.1 8B via Groq API

RAG Retrieval Results

Q: & D:/AI-Powered-RegulatoryCompliance-Checker-for-Contracts/env/Scripts/python.exe d:/AI-Powered-RegulatoryCompliance-Checker-for-Contracts/rag_system.py

A: I don't know

Sources:

- D:\AI-Powered-RegulatoryCompliance-Checker-for-Contracts\Dataset\Business_Compliance_Dataset.pdf
- D:\AI-Powered-RegulatoryCompliance-Checker-for-Contracts\Dataset\Business_Compliance_Dataset.pdf
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Q: Extract key clauses from this contract and identify compliance risks

A: **Contract #011: Vendor Contract**

Key Clauses:

1. ****Scope of Services****: Martin Rose and Obrien agrees to perform professional services as described in the Statement of Work.

2. ****Data Protection****: Martin Rose and Obrien agrees to maintain technical and organizational measures to prevent unauthorized access to personal data.
3. ****Compliance & Audit Rights****: Each Party agrees to comply with applicable industry standards and regulations. Hickman Ltd retains the right to audit Martin Rose and Obrien's compliance practices with prior written notice.
4. ****Termination****: Either Party may terminate this Agreement with 30 days' written notice for material breach, provided the breaching Party fails to cure such breach within the notice period.
5. ****Liability Limitation****: Neither Party shall be liable for indirect or consequential damages. Total liability shall not exceed fees paid under this Agreement during the preceding 12-month period.

Compliance Risks:

1. ****Data Protection****: Martin Rose and Obrien may not have adequate technical and organizational measures in place to prevent unauthorized access to personal data, which could lead to a data breach.
2. ****Compliance & Audit Rights****: Hickman Ltd may not have the necessary resources or expertise to conduct audits, which could lead to non-compliance with industry standards and regulations.
3. ****Termination****: The 30-day notice period may not be sufficient to address material breaches, which could lead to non-compliance with industry standards and regulations.

****Contract #241: Non-Disclosure Agreement****

Key Clauses:

1. ****Scope of Services****: Lam Pena and Walker agrees to perform professional services as described in the Statement of Work.
2. ****Confidentiality****: Each Party shall maintain the confidentiality of proprietary or sensitive information shared under this Agreement and shall use such information solely for the performance of obligations herein.
3. ****Data Protection****: Each Party agrees to comply with applicable industry standards and regulations.
4. ****Compliance & Audit Rights****: Each Party agrees to comply with applicable industry standards and regulations. Johnson-Hill retains the right to audit Pena-Armstrong's compliance practices with prior written notice.
5. ****Termination****: Either Party may terminate this Agreement with 30 days' written notice for material breach, provided the breaching Party fails to cure such breach within the notice period.
6. ****Liability Limitation****: Neither Party shall be liable for indirect or consequential damages. Total liability shall not exceed fees paid under this Agreement during the preceding 12-month period.

Compliance Risks:

1. ****Confidentiality****: Lam Pena and Walker may not have adequate measures in place to maintain the confidentiality of proprietary or sensitive information shared under this Agreement.
2. ****Data Protection****: Each Party may not have adequate technical and organizational measures in place to prevent unauthorized access to personal data, which could lead to a data breach.
3. ****Compliance & Audit Rights****: Johnson-Hill may not have the necessary resources or expertise to conduct audits, which could lead to non-compliance with industry standards and regulations.

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RAG System Configuration

Parameter	Value
Embedding Model	sentence-transformers/all-MiniLM-L6-v2
Chat Model	llama-3.1-8b-instant
Vector Database	FAISS
Chunk Size	1000 characters
Chunk Overlap	200 characters
Top-K Results	4 per query
Report Generated	2025-11-25