

<b>Date</b>	<b>9 December 2025</b>
<b>Item</b>	<b>07.00</b>
<b>Title</b>	<b>Director of Regulation Report</b>
<b>Author</b>	<b>Simon Blandy, Director of Regulation</b>
<b>Purpose</b>	This paper provides the Board with an update on the work of the Regulation Directorate, including a review of the Standards and Public Trust Corporate Strategy Priority
<b>Recommendation</b>	<p>The Board is asked to:</p> <ul style="list-style-type: none"> <li>a) <b>DETERMINE</b> which, if any, of the proposed options for an AML Strategy should be accepted</li> <li>b) <b>APPROVE</b> the draft AML Succession Policy and draft Whistleblowing Policy, and</li> <li>c) <b>NOTE</b> these reports.</li> </ul>
<b>Timing</b>	N/A
<b>Impact Assessment</b>	N/A
<b>Impact on Regulatory Objectives</b>	<p>The work covered in this report impacts on the following:</p> <ul style="list-style-type: none"> <li>- encouraging an independent, strong, diverse, and effective legal profession.</li> <li>- protecting and promoting the consumer and public interest; and</li> <li>- promoting and maintaining adherence to the professional principles.</li> <li>- promoting the prevention and detection of economic crime</li> </ul>
<b>Implications for resources</b>	This report covers a period in which there continue to be changes in staffing impacting on the operational areas.
<b>Impact on consumer empowerment</b>	N/A
<b>Impact on ongoing competence</b>	N/A
<b>Publication status</b>	For publication.
<b>Appendices</b>	<ul style="list-style-type: none"> <li>07.01 CRL OPBAS Findings Letter (NOT FOR PUBLICATION)</li> <li>07.02 draft CRL AML Strategy</li> <li>07.03 draft CRL AML Succession Policy</li> <li>07.04 draft CRL Whistleblowing Policy</li> </ul>

## Introduction to Director of Regulation Report 07A

1. This paper provides the Board with an update on the work of the Regulation Directorate including:

- The work of the Practitioner Team,

- The work of the Entity Team, and
- The work of the Enforcement Team.

2. The data in this Report is supplemented by the performance data which is published on a quarterly basis (in this case Quarter 3 2025).

## PRACTITIONER TEAM UPDATE

### Operations

- The PAS Team currently comprises the PAS Manager, 3 PAS Officers and 3 PAS Administrators. All members of the team have participated in two training days on Qualifying Experience, Work Based Learning and Practice Rights.
- From the middle of September 2025 the focus has been on setting up processes and managing the substantive increase in the number of litigation practice right applications received following the Mazur judgement. Efficiencies realised in changes to the practice rights applications will be migrated across to the other processes. It is a credit to the resilience of the team as a whole that the throughput of applications for QE, WBL and the non-litigation practice rights applications have been maintained during this period.

#### Qualifying Experience (QE)

Qualifying Experience														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
<b>Applications 2025</b>	60	54	44	29	43	61	52	36	32	42			343	
<b>Applications approved</b>	23	41	49	37	43	26	38	19	47	75				
<b>Applications o/s</b>	2	1	0	0	4	4	4	4	19	42				
<b>Applications 2024</b>	28	37	58	57	56	47	35	43	57	52	31	24	318	525
<b>Applications 2023</b>	55	57	63	51	44	45	41	33	57	44	39	31	356	562
<b>Applications 2022</b>	61	65	62	70	57	72	43	67	58	43	42	28	430	668
<b>Av No weeks to overall decision-2025</b>	4	4	5											
<b>Av No weeks to overall decision-2024</b>	5	4	5	5	5	5	5	5	5	5	5	5		

#### Work Based Learning (WBL)

Work Based Learning														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
<b>Applications recd 2025</b>	39	21	49	60	36	50	46	47	53	42			300	
<b>No. authorisations - 2025</b>	31	32	28	36	50	47	50	41	56	27			278	
<b>Applications o/s</b>	2	2	2	5	1	9	19	20	47	40			186	
<b>Applications 2024</b>	44	39	58	69	67	42	44	51	65	41	35	38	363	593
<b>No. authorisations - 2024</b>	64	31	37	44	46	58	51	48	50	48	60	39	331	576
<b>Applications 2023</b>	54	58	59	62	57	43	43	80	62	61	59	21	376	659



<b>Applications received</b>	5	9	4	8	9	4	5	5	7	10	6	2	44	74
<b>Applications authorised</b>	2	3	11	2	0	2	9	22	11	22	16	26	29	126
<b>Av. no. weeks to overall decision</b>	40.6	40.5	47.6	47.2	45.8	44.8	42.8	41.3	40.1	39.4	38.2	37.5		
<b>No of practice right holders (ACCA-Probate)</b>	54	55	49	49	49	49	48	45	45	46	46	46	48	46

## ENTITY TEAM UPDATE

### Rule changes

#### Designated Professional Body (DPB) application.

5. This process remains on hold.

### Operations

6. The Entity Team currently comprises the Entity Authorisation and Supervision Officer (EASO) and the AML Officer. Both have clearly defined and separate roles, although the appointment of the AML Officer, the EASO has day to day responsibility for AML supervision in addition to his other duties. Both the EASO and the AML Officer will be carrying out the onsite inspection of practices (see para 14 below). This will give the AML Officer an opportunity to understand the nature and scope of the supervision and regulation of CRL Firms, other than for AML.

### ACCA Performance Update

	Current ACCA Firms											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>No. of CILEX-ACCA Probate firms 2025</b>	39	40	40	40	36	35	35	35	35	35		
<b>No. of CILEX-ACCA Probate firms 2024</b>	37	37	39	38	37	38	37	38	38	38	38	38
<b>No. of CILEX-ACCA Probate firms 2023</b>	42	42	39	39	39	40	39	39	37	38	38	37
<b>No. of CILEX-ACCA Probate firms 2022</b>	21	28	37	39	42	43	43	43	43	42	42	42

7. The 2025 CILEX ACCA Probate Entity authorisation renewal process which should have been completed in January-March is now almost complete with just one firm still

in the renewal process. The main delay has been the difficulty firms have experienced in complying with the revised Transparency Rules.

8. Transparency compliance is likely to continue to be an area of focus in 2026. Compliance with the First Tier Complaints Handling Rules when these are introduced is also likely to prove challenging for these firms.
9. Four firms continue to seek authorisation as CILEX ACCA Probate Entities, but these have made slow progress because of poor quality client care documents, business continuity arrangements, and failure to with the Transparency Rules.

#### Entity Performance Update

Current Entity applications - 2025												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>No. of CILEX Authorised firms</b>	21	21	21	21	21	21	21	21	21	21	21	
<b>No. applications granted full authorisation</b>	1	0	0	0	0	0	0	0	0	0	0	
<b>No. renewals authorised</b>	1	1	1	2	2	3	1	1	4	2	1	
<b>No. ABS</b>	1	1	1	1	1	1	1	1	1	1	1	
Entity applications - 2024												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>No. of CILEX Authorised firms</b>	20	18	19	19	20	20	21	20	20	20	20	20
<b>No. applications granted full authorisation</b>	0	0	0	0	1	0	1	0	0	0	0	0
<b>No. renewals authorised</b>	2	2	3	2	1	1	2	1	2	2	2	2
<b>No. ABS</b>	1	1	1	1	1	1	1	1	1	1	1	1
2023												
<b>No. of CILEX Authorised firms</b>	22	20	19	19	19	19	19	19	19	20	20	20
2022												
<b>No. of CILEX Authorised firms</b>	24	24	24	25	25	25	25	24	23	23	22	22

10. The total number of authorised firms including the one ABS remains at 21. One firm has given notice that it is in discussions with an SRA firm. If this transaction goes ahead the firm will close by the end of the year, reducing the number of authorised firms to 20.
11. There is an increased level of interest in the authorisation of new firms:
  - Three firms have submitted applications, and have been provided with initial reviews.
  - Another application is due to be reviewed.
  - A further application has been received without prior notice at the Kempston Manor address.

- Two other CILEX members have indicated an intent to apply for entity authorisation.

12. Entity renewals are up to date with 19 completed so far this year and one to be completed before the end of the year. The final firm has been newly authorised and therefore is not required to go through the renewal process until 2026.
13. A failure to comply with the Transparency Rules has been the main cause of non-compliance in 2025. During the year each firm has been provided with detailed written advice on areas of transparency non-compliance. The subject was covered in the Entity webinar in November 2025 highlighting the main aspects of non-compliance. The webinar also included a review of CILEX Regulation's work in 2025 against its corporate strategy and corporate plan, an update on priorities for 2026, the Mazur case and AML compliance.
14. In December 2025 the team will start of a programme of entity onsite inspections of authorised firms and one unregulated law firm CILEX Regulation supervises for its anti-money laundering activity. Whilst these inspections will have a focus on anti-money laundering they will also cover a wider set of compliance matters.

## **ECONOMIC CRIME UPDATE**

### **Anti-Money Laundering (AML) Supervision**

15. The UK government [announced](#) in October 2025 that the Financial Conduct Authority (FCA) will be the single professional services supervisor for anti-money laundering and counter-terrorism financing (AML/CTF) supervision, significantly reducing the role of CILEX Regulation.
16. The announcement was followed in early November 2025 by HM Treasury's [consultation](#) (closing on 24 December 2025) setting out its proposals for the key duties, powers, and accountability mechanisms that the FCA will need to be an effective supervisor of professional services businesses, as well as the legislative changes to enact these. CRL's draft response is at item 11.02 of the Board bundle. Essentially, the draft accepts that the changes will happen but cautions that safeguards will need to be in place to ensure that the interests of micro-businesses are safeguarded and in particular that there is a managed transfer of responsibilities to the FCA. As the Government has accepted, these changes require primary legislation. The timetable for transition remains to be announced.
17. CRL has committed to continue with implementation of the AML Action Plan (separately attached) submitted in July 2025. To date, all actions have been completed to schedule. The SRC met in October 2025 to review progress made to date. It approved the CRL AML Supervision Report 2024-2025 (which has been [published](#)) as well as a draft AML Strategy (subject to amendment), a draft AML Succession Policy and a draft Whistleblowing Policy.

18. Finding GOV.F1 of the OPBAS Findings Letter (at item 07.01) stated that 'CRL lacks a standalone AML strategy with clearly defined objectives, deliverables and outcomes, to measure performance' and recommended that it should have a comprehensive strategy to deliver those outcomes. It continued 'in our view, a standalone document would increase transparency in this space, including key performance indicators to manage performance'. Clearly, it is the function of the Board to determine its strategy and agree its corporate plan. The Action Plan at GOV.F1 commits the Board to considering an options paper (with a draft strategy). The draft AML strategy (at item 07.01) goes some way to meeting the OPBAS recommendation, though it does not include key performance indicators.
19. The Board has committed to its [Corporate Strategy 2025-2027](#). Although it sets out strategic priorities, in contrast to OPBAS's recommendation for CRL's AML Strategy, it sets out aims and does not include KPIs.

Given the Government's announcement that the responsibilities of the current AML Supervisors (including CILEX/CRL) are to be transferred to the FCA (see paragraph 15 above), the Recommendation to the Board, is that it should

**DIRECT** that a request be made to OPBAS to agree not to insist on implementation of finding GOV.F1 in the current changed circumstance.

20. The Board is asked to APPROVE the following:

- **Succession Policy (07.02):** Developed in response to OPBAS recommendation **GOV.F5**, this policy provides a proportionate plan to mitigate risks arising from unplanned staff departures in key AML functions.
- **Whistleblowing Policy (07.03):** Updated in response to OPBAS recommendation **INT.F5**. This document which sets out how CRL deals with whistleblowing reports received from 'members of the public, individuals within the regulated community, employees of CILEx-authorised Entities, or CILEx members' includes updates covering safeguards for whistleblower identity and information security. There is a separate Whistleblowing Policy for staff and Board members, which is being updated to align with this policy.

## **ENFORCEMENT TEAM UPDATE AND REVIEW**

### **Team Structure**

21. The Enforcement Team is managed by the Disciplinary Standards Manager and currently comprises
  - the Lead Investigator, responsible for the prior conduct cases and scheduling the disciplinary panels in addition to the investigation of misconduct cases.
  - Two investigation officers, who have recently transferred to permanent contracts, focusing on misconduct cases and assisting with the preparation of prior conduct reports for the PCP. A further investigation officer has recently joined the team with another investigation officer starting in early December 2025.

- The Regulatory Support Lead for Enforcement starts at the beginning of December responsible for developing and implementing changes to the Enforcement Team's disciplinary rules, policies, procedures and guidance relating to the investigation of prior conduct and professional misconduct by individual legal service providers and businesses.
- A temporary, full-time Administration Assistant assists primarily with prior conduct queries and setting up cases
- A PAS Officer continues to assist with prior conduct cases one day a week.

22. The Professional Conduct Panel (PCP) has continued to meet as scheduled with its final meeting of the year in December 2025. A determination was made by the disciplinary tribunal at its hearing in November 2025 and the Appeal Panel determined two appeals at its hearings in October and November. The all-panel training session has been re-scheduled from November 2025 to early in 2026 (date to be agreed).

23. No prior conduct cases are currently on hold. They are either investigated and determined by the Investigation Officer or, where required by the Enforcement Rules, by the PCP. There has been a substantial increase during the course of the year (in particular over Q3 2025) in the number of declarations received when compared to prior years. No immediate explanation can be suggested for this trend. A number of cases have been cancelled without a formal investigation where on enquiry it has been established there is no determination to be made. The number and age of the misconduct cases have continued to increase. The recruitment of investigation officers will help to address that issue.

### Prior conduct

Prior Conduct Declarations														
2025														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
<b>Declarations received</b>	36	24	31	22	16	25	11	34	42				<b>241</b>	
<b>No of cases resolved</b>	33	14	49	20	21	7	35	15	19				<b>213</b>	
<b>No of cases cancelled</b>									6	13				
<b>No of cases open</b>	80	90	72	74	69	87	63						<b>63</b>	
2024														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
<b>Declarations received</b>	28	24	26	20	14	16	15	25	24	18	19	33	<b>143</b>	<b>262</b>
<b>No of cases resolved</b>	41	23	26	25	8	15	17	23	17	30	19	21	<b>155</b>	<b>265</b>
<b>No of cases open</b>	67	68	68	63	69	70	68	70	77	65	65	77	<b>68</b>	<b>77</b>
<b>No of cases 'On hold'</b>	16	16	20	17	15	15	15	17	17	10	7	6	<b>15</b>	<b>6</b>
<b>No of cases - live</b>	51	52	48	46	54	55	53	53	60	55	58	71	<b>53</b>	<b>71</b>
2023														
<b>Declarations received</b>	27	22	24	21	22	14	16	26	30	12	19	27	<b>146</b>	<b>260</b>

<b>No of cases resolved</b>	37	32	25	19	24	18	32	29	21	20	14	18	<b>187</b>	<b>289</b>
<b>No of cases open</b>	99	89	88	90	88	84	68	65	74	66	71	80	<b>68</b>	<b>80</b>
<b>No of cases 'On hold'</b>	23	24	26	26	24	24	23	24	21	19	23	23	<b>23</b>	<b>23</b>
<b>No of cases - live</b>	76	65	62	64	62	60	45	41	53	47	48	57	<b>45</b>	<b>57</b>
<b>2022</b>														
<b>Declarations received</b>	18	20	16	22	22	17	18	17	18	19	43	28	<b>133</b>	<b>258</b>
<b>No of cases resolved</b>	13	17	21	30	27	33	22	16	34	44	25	21	<b>163</b>	<b>303</b>
<b>No of cases open</b>	172	203	185	168	162	139	143	115	115	87	94	109	<b>143</b>	<b>109</b>

## Misconduct

<b>Misconduct Complaints</b>														
<b>2025</b>														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
<b>No of New Complaints</b>	7	10	12	11	8	15	8	6	14				<b>71</b>	
<b>No of Complaints resolved</b>	7	1	6	0	0	15	1	2	5				<b>37</b>	
<b>No of cases open</b>	104	114	120	131	139	140	147						<b>147</b>	
<b>No of cases 'On hold'</b>	36	35	37	36	37	35	34						<b>34</b>	
<b>No of cases - live</b>	68	79	83	95	102	104	113						<b>113</b>	
<b>Misconduct Complaints</b>														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
<b>2024</b>														
<b>No of New Complaints</b>	8	5	7	9	1	2	7	3	5	3	6	4	<b>39</b>	<b>60</b>
<b>No of Complaints resolved</b>	12	12	19	9	7	5	4	3	5	9	2	7	<b>68</b>	<b>94</b>
<b>No of cases open</b>	131	124	112	112	106	103	106	106	106	100	104	101	<b>106</b>	
<b>No of cases 'On hold'</b>	48	50	47	45	41	40	41	40	41	41	40	39	<b>41</b>	
<b>No of cases - live</b>	83	74	65	67	65	63	65	66	65	59	64	62	<b>65</b>	
<b>2023</b>														
<b>No of New Complaints</b>	4	6	7	4	11	4	5	7	5	12	3	3	<b>41</b>	<b>76</b>
<b>No of Complaints resolved</b>	1	1	7	4	8	3	5	3	4	2	6	0	<b>29</b>	<b>63</b>

<b>No of cases open</b>	128	133	132	132	135	136	136	140	141	149	145	138	<b>136</b>	<b>138</b>
<b>No of cases 'On hold'</b>	37	38	39	39	44	45	46	45	45	46	50	49	<b>46</b>	<b>49</b>
<b>No of cases - live</b>	91	95	93	93	91	91	90	95	96	103	95	89	<b>90</b>	<b>89</b>
<b>2022</b>														
<b>No of New Complaints</b>	3	4	5	11	5	8	3	10	8	10	3	3	<b>39</b>	<b>71</b>
<b>No of Complaints resolved</b>	1	4	3	13	4	4	2	1	2	13	9	2	<b>31</b>	<b>59</b>
<b>No of cases open</b>	112	112	114	112	113	117	118	127	133	130	124	125	<b>113</b>	<b>125</b>

## Conclusion to Director of Regulation Report

24. The newly appointed Information Analyst started in the last week of November 2025 with a brief to review the format of reporting for CRL's operational functions to Board.
25. As set out in the report on Enforcement considered by the Board at its meeting on 30 September 2025, a plan will be presented to the Board in Q1 2026 'to implement the outcomes of CILEx Regulation's own review of enforcement practice and address the effectiveness of its enforcement tools in tackling AML breaches of administrative nature'. That review will also be an opportunity to enable more straightforward prior conduct issues to be determined at Investigation Officer level. This will be led by the Regulatory Support Lead for Enforcement.

## REVIEW OF STANDARDS AND PUBLIC TRUST PRIORITY 07B

### Introduction

26. As set out in the CRL [Corporate Strategy 2025-2027](#) CRL aims to promote high quality professional practice that enables the individuals and entities that we regulate to meet our standards, so they are able to adapt to changes in the delivery of legal services and utilise the benefits of innovation and law tech which meet the needs of consumers.
27. It articulates four expectations to be achieved by 2027:
  - Our regulatory standards, policies and guidance help the individuals and entities we regulate to adapt to the changing legal services market, so they meet the needs of consumers.
  - Our approach to continuing professional development improves professionalism, champions high standards and reduces incidents of poor conduct and unethical behaviour. CRL's approach is recognised as a beacon of good practice.
  - Developed and enhanced innovative approaches to service in legal regulation and enabled the adoption of new technology, including AI, to improve legal services delivery and our internal processes.
  - CRL is recognised for its innovative approach to the delivery of legal services regulation.

## Regulatory Standards

28. The Roundtable in February 2025 on unregulated providers was informed by the IRN research which CRL commissioned. This confirmed CRL's view that the current legal framework needs to be updated. There was no agreement as to how the interests of consumers should be protected where legal services are delivered by unregulated providers. In particular, consumers may have no means of redress when things go wrong. One of the immediate benefits of the transfer of AML supervisory responsibility from the legal regulators to the FCA is that it will have sole responsibility for policing the perimeter (ie ensuring those who should be, but are not, are subject to AML supervision). The way in which the FCA approaches this issue is likely in the medium to longer to inform CRL's approach where CLEs and CILEX members are delivering legal services through unregulated businesses.
29. The Axiom Ince 'lessons learnt' action plan was approved by the Board at its meeting in February 2026. The [Independent review](#) of the SRA's regulation of SSB was published in October 2025. An initial review has been carried out. SSB acted for thousands of claimants, many seeking compensation for faulty cavity wall insulation. It took out loans to fund the litigation, advising the claimants they were acting on a no win, no fee basis. Many were assured there was no risk attached to making a claim and signed up to after the event insurance policies which were subsequently repudiated by insurers. The SRA failed to respond to multiple reports, viewing them as service failure, rather than identifying disturbing patterns of behaviour. Learnings for CRL will be identified and (with a draft action plan) reported to the Board at its meeting in February 2026.
30. The Action Plan for the Enforcement Review will be submitted to the Board for approval in Q1 2026. It will focus on improvement and streamlining of the enforcement processes, but one of its outcomes will be to identify from the enforcement perspective where CRL's regulatory arrangements should be updated to encourage behaviours (including ethical behaviour) benefitting consumers as well as the wider public interest.

## Continuing Professional Development

31. CRL [responded](#) to the LSB's consultation on professional ethics which closed in May 2025, though the LSB has yet to publish its statement of policy on professional ethics. CRL recognises how complex it can be for legal professionals to balance their different professional ethical duties (duties to the client, duties to act with independence and integrity, and duties to the court) and agrees that as a legal regulator it should help professionals to understand how to prioritise these different duties. Increasing the emphasis on professional ethics is a key element of legal education. Career-long learning (as part of the CPD requirements) will ensure it is embedded into day to day practice. In the shorter term CRL will identify reports and cases of misconduct which raise concerns about professionals to assess what additional guidance should be provided.

## Proactive in the adoption of new technology

32. CRL has continued to engage in sector events attending the Lawtech conference in March 2025 and the LSB AI stakeholder event in September 2025. CRL encourages

CRL firms, CLEs and CILEX members actively to investigate how they can benefit from the adoption of AI and new technology.

#### Innovative approach to the delivery of legal services regulation

33. The Entity Team has just completed a review of each of the AML Statements submitted by CRL firms. This will enable feedback on AML compliance to be provided to each of the firms. A report summarising those learnings will be published early in 2026 and signposted as appropriate to CRL firms.
34. A thematic review will be carried out in 2026 on Suspicious Activity Reports (SAR) which must be submitted where there is a suspicion of money laundering activity. The main purpose will be to understand if there are barriers to CRL firms submitting SARs. The report of this review is due to be published in early 2027.
35. The CRL website is regularly updated with links to reports which have been published so it becomes a key resource freely available for CRL firms, CLEs and CILEX members, as well as the wider public. There is now a comprehensive [Economic Crime](#) section. There are separate sections providing [guidance](#) about the effect of the Mazur judgment and [applications](#) for that the litigation practice right which are currently being updated on a weekly basis.

#### **Conclusion**

36. Over the course of 2025 the Standards and Public Trust Priority has become embedded into the CRL activities, as recognised in the Deliverables Progress Report (05.01) submitted to the Board.

#### **Recommendation**

37. The Board is asked to **NOTE** these reports.