

Date	10 February 2026
Item	06.00
Title	Director of Regulation Report
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Purpose	This paper provides the Board with an update on the work of the Regulation Directorate
Recommendation	The Board is asked to: <ul style="list-style-type: none"> a) APPROVE the draft Terms of Reference for the SRC to review CRL's Compensation Arrangement (06.00), and b) NOTE these reports.
Timing	N/A
Impact Assessment	N/A
Impact on Regulatory Objectives	The work covered in this report impacts on the following: <ul style="list-style-type: none"> - encouraging an independent, strong, diverse, and effective legal profession. - protecting and promoting the consumer and public interest; and - promoting and maintaining adherence to the professional principles. - promoting the prevention and detection of economic crime
Implications for resources	This report covers a period in which there continue to be changes in staffing impacting on the operational areas.
Impact on consumer empowerment	N/A
Impact on ongoing competence	N/A
Publication status	For publication.
Appendices	06.01 Review of Compensation Arrangements SRC Draft Terms of Reference [NOT FOR PUBLICATION – emerging policy or strategy]

Introduction to Director of Regulation Report

1. This paper provides the Board with an update on the work of the Regulations 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 4 2025).

3. The Information Analyst started in November 2025. Their principal focus to date has been in working with the Executive Team in recording and reporting on the Mazur applications.

PRACTITIONER TEAM UPDATE

Operations

4. A Practitioner Officer and PAS Administrator joined to PAS Team in November 2025.
5. Following the Mazur ruling the focus of the PAS Team in Q4 2025 has been on setting up a process to manage an exponential increase in the volume of practice rights applications from Chartered Legal Executives who understandably have been impatient to secure litigation practice rights. This included the recruitment of 24 external assessors, updating the handbooks to align with the new process and refreshing the application pages on the CRL website.
6. The LSB approved CRL's standalone practice rights application on 3 November 2025. To the end of 2025, 564 expressions of interest had been received (97 submitted before 3 November 2025), 268 applications had been uploaded and 3 post Mazur litigation practice rights applications approved (the first on 22 December 2025).
7. The volume of applications per week received in January 2026 has eased which has allowed the PAS team time to review the progress of individual applications. As at 23 January 2026 a further 79 expressions of interest had been received, a further 218 applications uploaded and a further 46 applications had been approved. 27 successful candidates from the December 2025 ULaw sitting were sent their practice rights certificate.
8. The PAS Team has become progressively quicker at resolving procedural issues and increasing the pace at which applications are approved. Innovations introduced to manage the Mazur applications are being applied as appropriate to the QE and WBL processes.

Qualifying Experience (QE)

Qualifying Experience													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
Applications 2025	60	54	44	29	43	61	52	35	34	51	46	17	343
Applications 2024	28	37	58	57	56	47	35	43	57	52	31	24	525
Applications 2023	55	57	63	51	44	45	41	33	57	44	39	31	562
Applications 2022	61	65	62	70	57	72	43	67	58	43	42	28	668
Av No weeks to overall decision 2025	4	4	5	5	5	5	6	5	15	12	7	8	
Av No weeks to overall decision 2024	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	FY
Applications 2025	39	21	49	60	35	50	46	47	53	42	40	29	511
No. authorisations - 2025	31	32	30	39	51	48	49	41	54	26	42	25	468
Applications 2024	44	39	58	69	67	42	44	51	65	41	35	38	593
No. authorisations - 2024	64	31	37	44	46	58	51	48	50	48	60	39	576
Applications 2023	54	58	59	62	57	43	43	80	62	61	59	21	659
No. authorisations - 2023	72	53	38	53	65	63	57	47	78	73	70	39	708
Applications 2022	42	37	71	70	62	52	48	77	65	65	60	38	687

Practice Rights

Practice Rights & Advocacy 2025													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	FY
No of practice rights holders	439	448	463	472	471	479	486	492			540	543	543
Applications received	9	7	7	10	6	2	2	1	1	109	299	187	640
Applications authorised	11	10	22	9	10	8	8	6	10	5	11	10	120
Av. no. weeks to overall decision	12	11	11	11	11	11	11	11			22	10	
No of practice right holders (ACCA-Probate)	63	63	64	65	67	67	67	67	73	73	73	73	73
Practice Rights & Advocacy 2024													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	FY
No of practice rights holders	286	302	328	341	357	364	376	391	406	416	421	429	429
Applications received	13	6	6	7	6	3	11	9	3	2	6	2	74
Applications authorised	24	17	26	13	16	7	12	15	15	8	7	6	166
Av. no. weeks to overall decision	37	37	37	35	33	32	32	32	32	32	32	32	
No of practice right holders (ACCA-Probate)	58	60	61	61	62	62	62	62	62	62	62	62	62
Practice Rights & Advocacy 2023													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	FY
No of practice rights holders	149	155	164	165	165	165	195	204	216	236	264	280	280
Applications received	5	9	4	8	9	4	5	5	7	10	6	2	74

Applications authorised	2	3	11	2	0	2	9	22	11	22	16	26	126
No of practice right holders (ACCA-Probate)	54	55	49	49	49	49	48	45	45	46	46	46	46

ENTITY TEAM UPDATE

Rule changes

Designated Professional Body (DPB) application.

9. This process remains on hold.

Compensation Arrangements Review

10. Insurers declined to renew the CRL's Compensation Protection Policy in 2021. The LSB agreed interim arrangements on the basis that a permanent solution would shortly be in place. In its [2025 Regulatory Performance Assessment](#) the LSB set its expectation that CRL should develop 'an approach to ensure the longevity of the compensation fund' (para 71, page 60). Review of the CRL compensation arrangements by the Strategic Risk Committee (SRC) is a deliverable in [CRL's 2026 Corporate Plan](#). The draft Terms of Reference (Appendix 06.01) task the SRC to carry out that review and present a report to the Board.

Operations

11. The Entity Authorisation and Supervision Officer (EASO) has given notice and will be leaving CRL at the end of March 2026. The recruitment process has started for his replacement.

ACCA Performance Update

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

12. The 2025 CILEX ACCA Probate Entity authorisation renewals were completed in December 2025. 35 firms are currently authorised with a further two firms in the authorisation process. Renewals and applications have taken longer than expected to ensure that firms and applicants comply with the Transparency Requirements.
13. The online renewal process has been updated ready for the 2026 renewal round.

Entity Performance Update

Current Entity applications - 2025												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
No. of CILEX Authorised firms	21	21	21	21	21	21	21	21	21	21	21	20
No. applications granted full authorisation	1	0	0	0	0	0	0	0	0	0	0	0
No. renewals authorised	1	1	1	2	2	3	3	3	4	2	1	0
No. ABS	1	2	3	5	7	10	10	10	1	1	1	1
2024												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
No. of CILEX Authorised firms	20	18	19	19	20	20	21	20	20	20	20	20
No. applications granted full authorisation	0	0	0	0	1	0	1	0	0	0	0	0
No. renewals authorised	2	2	3	2	1	1	2	1	2	2	2	2
No. ABS	1	1	1	1	1	1	1	1	1	1	1	1
2023												
No. of CILEX Authorised firms	22	20	19	19	19	19	19	19	19	20	20	20
2022												
No. of CILEX Authorised firms	24	24	24	25	25	25	25	24	23	23	22	22

14. One civil litigation firm closed in December 2025 with its live files transferring to a SRA regulated firm. As a result, the total number of authorised firms (including one ABS) currently stands at 20.
15. A further firm is due to close in in early February 2026. This firm has received a disproportionate number of complaints. CRL is now working with the firm so there is an orderly closure.
16. Currently, there are seven applications for firm authorisation with a further three expected before the end of February, a comparatively high number of applications.
17. Entity Annual Return renewals and fee collections for 2025 have all been completed. Three Annual Return reviews are scheduled to be completed in February 2026, and entity fee payments for 2026 are also being processed.

18. In January 2026 the Entity Team (the Entity Officer and the AML Officer) started a program of on site inspections (two in January and one in February). These inspection visits cover anti-money laundering compliance and wider entity compliance.

ECONOMIC CRIME UPDATE

Anti-Money Laundering (AML) Supervision

19. CRL's response to the HMT consultation on its proposed arrangements for AML supervision was submitted to HMT ahead of the 24 December 2025 deadline and [published](#).
20. A meeting has been scheduled with OPBAS on 3 February 2026 for an update on the transfer of AML Supervision to the FCA and to review progress against the OPBAS AML Action Plan which remains on schedule:
- a) the draft AML Policy (REC.F4) is ready for review by the SRC before it is submitted to the CRL Board for approval
 - b) the draft Methodology document (RBA.F1) detailing the risk-scoring process for annual AML Statement reviews is ready for comment by the SRC.

ENFORCEMENT TEAM UPDATE AND REVIEW

21. Two temporary investigation officers have recently started, focusing on misconduct cases and assisting with the preparation of prior conduct reports for the PCP. The Regulatory Support Lead - Enforcement, who joined at the beginning of December 2025, is leading on the Enforcement Review. A full-time Administration Assistant joined the team in January 2026 to assist primarily with prior conduct queries and setting up cases.
22. A new Clerk joined CILEx Regulation's pool of disciplinary panel Clerks at the end of 2025, taking the total number of Clerks engaged by CRL to four.
23. Eight Professional Conduct Panel (PCP) meetings have been scheduled for 2026, the first on 5 February 2026, as well as five Disciplinary Tribunal hearings. Recruitment for new lay and panel members across all three panels has started and is expected to be completed by March 2026, with an induction to follow shortly afterwards. The all-panel training day will be arranged once new panel members are in post.
24. There was a 40% increase in the number of prior conduct declarations received when compared to 2024, Q3 2025 accounting for 37% of declarations received in 2025. No immediate explanation can be suggested for this trend. A number of those cases were cancelled without a formal investigation where on enquiry it was established there was no determination to be made. The number and age of the misconduct cases have continued to increase. The new investigation officers have been allocated to older cases to address the issue. The oldest live misconduct case is no longer on hold and can be progressed following the SRA's decision in January 2026 to close its criminal investigation. Final decisions have been made in at least 14 misconduct cases, but are not reflected in the data. The misconduct case tracker is being updated to ensure these outcomes are recorded and reported accurately.

Prior conduct

Prior Conduct Declarations													
2025													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Declarations received	36	24	31	22	16	25	11	22	42	60	25	52	366
No of cases resolved	33	14	49	20	21	7	35	21	32	34	22	18	127
No of cases open	80	90	72	74	69	87	63	63			97	138	138
No of cases 'On hold'	3	1	0	0	0	0	0	0			0	0	0
No of cases - live	77	89	72	74	69	87	63	63	0	0	97	138	138
2024													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Declarations received	28	24	26	20	14	16	15	25	24	18	19	33	262
No of cases resolved	41	23	26	25	8	15	17	23	17	30	19	21	265
No of cases open	67	68	68	63	69	70	68	70	77	65	65	77	77
No of cases 'On hold'	16	16	20	17	15	15	15	17	17	10	7	6	6
No of cases - live	51	52	48	46	54	55	53	53	60	55	58	71	71
2023													
Declarations received	27	22	24	21	22	14	16	26	30	12	19	27	260
No of cases resolved	37	32	25	19	24	18	32	29	21	20	14	18	289
No of cases open	99	89	88	90	88	84	68	65	74	66	71	80	80
No of cases 'On hold'	23	24	26	26	24	24	23	24	21	19	23	23	23
No of cases - live	76	65	62	64	62	60	45	41	53	47	48	57	57
2022													
Declarations received	18	20	16	22	22	17	18	17	18	19	43	28	258
No of cases resolved	13	17	21	30	27	33	22	16	34	44	25	21	303
No of cases open	172	203	185	168	162	139	143	115	115	87	94	109	109

Misconduct

Misconduct Complaints

2025													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
No of New Complaints	7	10	12	9	8	15	8	6	14	5	6	2	102
No of Complaints resolved	7	1	6	0	0	15	1	2	5	1	0	0	38
No of cases open	105	114	120	131	139	139	147	151	159	163	169	185	185
No of cases 'On hold'	36	35	37	36	37	35	34	34				30	30
No of cases - live	69	79	83	95	102	104	113					155	155
2024													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
No of New Complaints	8	5	7	9	1	2	7	3	5	3	6	4	60
No of Complaints resolved	12	12	19	9	7	5	4	3	5	9	2	7	94
No of cases open	131	124	112	112	106	103	106	106	106	100	104	105	105
No of cases 'On hold'	48	50	47	45	41	40	41	40	41	41	40	39	39
No of cases - live	83	74	65	67	65	63	65	66	65	59	64	62	62
2023													
No of New Complaints	4	7	6	4	11	5	5	7	7	12	4	4	76
No of Complaints resolved	1	2	8	3	8	7	4	2	4	14	8	2	63
No of cases open	125	130	128	129	132	130	131	136	139	137	133	135	135
No of cases 'On hold'	37	38	39	39	44	45	46	45	45	46	50	49	49
No of cases - live	88	92	89	90	88	85	85	91	94	91	83	86	86
2022													
No of New Complaints	3	4	4	11	5	9	2	10	7	10	3	3	71
No of Complaints resolved	1	4	4	13	4	4	2	1	2	13	9	2	59
No of cases open	112	112	112	110	111	116	116	125	130	127	121	122	122

Recommendation

25. The Board is asked:

- a) **APPROVE** the draft Terms of Reference for the SRC to review CRL's Compensation Arrangement, and
- b) to **NOTE** these reports.