SRA BOARD
22 September 2026

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Solicitors Regulation Authority

This paper will be published [redacted]

Chief Executive's Report

Purpose

1 This report provides an update to the Board on our priorities and any key developments that it needs to be aware of. It also provides information on important external developments and our engagement activity with key stakeholders.

Recommendations

2 The Board is asked to:

a) consider the Chief Executive's report.

If you have any questions about this paper please contact: Sarah Rapson, Chief Executive, sarah.rapson@sra.org.uk.

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3 Earlier this month, we published two significant reports:

- the findings of an independent review conducted by law firm Jenner & Block LLC into our handling of the events leading up to the intervention into the PM Law group in February 2026.
- an independent assurance review, conducted by the Berkeley Partnership, on our compliance with the Legal Services Board's (LSB) Section 32 Directions following the closure of Axiom Ince.

4 Key findings from the report into the SRA's handling of PM Law include:

- The SRA missed opportunities to identify the issues at PM Law earlier as a result of a failure to aggregate information held about PM Law Group.
- Decisions regarding PM Law were taken with incomplete information and against a risk more serious than individual decision-makers were able to appreciate.
- Capacity constraints across the organisation limited the SRA's ability to act on emerging risk as quickly as it should have. SRA operational staff were generally skilled, dedicated and collegial.

5 We have said in our public statement that we are sorry for the impact this has had on former clients of the firm and accept we should have done better by them.

6 The report by the Berkeley Partnership concluded that the SRA had made substantial and timely progress against the Section 32 Directions issued in May 2025 relating to our handling of Axiom Ince. However, it also highlighted that significant changes still need to be made, with the urgency of these changes sharpened by the Jenner & Block report.

7 As the Board is aware, we have already taken meaningful steps on the reform needed to fix the structural gaps cited in the PM Law report, though this example underscores the need to complete the reforms we have laid out. Many of these missed opportunities took place as a result of these structural gaps in the SRA's systems and controls, which, at the time of the PM Law Group's collapse, were the subject of ongoing but incomplete reforms.

8 We have developed our response to the findings of both reports at pace. Our transformation programme remains a top priority for me and my Executive team. We have reviewed the change already underway and the further actions that we need to take. We will be consolidating this into one plan that covers the work that we have agreed with the LSB in response to the Axiom Directions and the SSB performance targets given the overlapping themes, and in line with the LSB's newest requirements of us. We will also consult on our next Corporate Strategy towards the end of this year, and our plans will incorporate the lessons from these reviews and set out further changes to be delivered in the coming years.

9 As the Board is already aware, we have had constructive conversations with the LSB on the reports and the resulting enforcement action that the LSB is requiring of us.

10 Following review by the Board earlier this month, we submitted our first quarterly report against the SSB performance targets to the LSB. These targets were agreed with the LSB and include established SRA KPIs and new performance targets, reflecting significant work already in train to deliver improvements.

11 The Board discussed the recommendations from the independent body review of the LSB with Richard Lloyd in early August and agreed to re-visit those discussions and how the organisation responds at today's meeting. [redacted]

2026 priorities

12 We continue to work hard to embed our four priorities for this year and into 2026/27 and they continue to drive our workstreams and the key projects that are underway. Our priorities are:

- Operational excellence
- Proactive risk identification and supervision
- Taking action on the biggest issues
- Improving collaboration.

We are taking a more consistent approach to our communications around these priorities, ensuring we are busting any myths relating to our work, and continuing to engage with stakeholders on our priorities.

13 Our transformation continues and we are updating the Board today on work well underway on our Risk and Data programme and our action plan following the PM Law serious event review and the Berkeley report.

14 The recruitment process for the final two Executive roles is in progress. Alan Evans, General Counsel Risk and Compliance, joins the organisation next month. Kate O'Neill joined in June as our Executive Director of External Affairs and Communications.

15 Our end-to-end review of Investigation processes is progressing with the aim of ensuring we are more proportionate and tackling the most serious issues at pace. A written update on progress has been shared with the Board in the performance pack following discussion on the review at the last meeting.

16 We are looking to use AI to improve productivity and support decision-making and risk-based regulation, while ensuring that governance remains clearly in place. We are considering the areas where AI may be able to support us in tackling some of the challenges we face, such as AI-assisted solutions for how we assess reports about solicitors and how AI could support our casework and supervisory work.

17 Work on the supervision pilot is progressing well, and we have taken stock after the first three month 'sprint.' Many firms are responding positively to our engagement, providing information so that we can better understand the risks and it is pleasing that some are voluntarily making changes to their practices to address concerns we have identified in areas such as referral and marketing arrangements and client money controls and compliance governance. In addition to the groups of firms with complex business structures and larger HVCC practices that were included in the first sprint, we are now extending to an additional cohort of firms with retail client money holdings, to test the approaches to proactively identifying and addressing risks of holding client money.

18 We are making progress on tackling some of the biggest issues. I cover some of these below. We have made considerable progress in high volume consumer claims and our work on consumer protection, which we have covered in our performance report to the Board.

External engagement

19 Since my last report, I have met with the Ministry of Justice, the LSB, the Law Society, the Intellectual Property Regulation Board, the Bar Standards Board, the Legal Ombudsman, the Financial Conduct Authority, the Financial Ombudsman, city firms and representatives for in-house lawyers.

20 I have also met with the Association of Consumer Support Organisations (ACSO), the Forum of Insurance Lawyers (FOIL) and the Motor Accident Solicitors Society (MASS) on the Mazur judgement and attended the Legal Services Consumer Panel. I also joined the Law Society President in observing a SQE2 oral assessment.

21 There have been several key external events I have attended and spoken at, including:

- Law Society Council meeting in July with the Chair
- City of London Law Society conference
- Bournemouth and District Law Society Compliance Conference
- Joint V Law Societies event
- Keynote speech at the Law Works annual conference
- Roundtable event with the National Pro Bono Centre
- Townhall event for Local Law Society representatives.

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Update against key developments

Enforcement caseload

22 Below is an update on key cases and some of the key themes we are seeing in our casework that I wanted to highlight to the Board.

23 We have been undertaking a review of our cases that are currently before the Solicitors Disciplinary Tribunal (SDT) to ensure these are properly brought and with the right allegations. We are having regard to allegations of dishonesty, given the extremely serious nature of such an allegation. This has resulted in our withdrawing several cases, sometimes quite late, or withdrawing allegations of dishonesty and proceeding with other allegations. This is the right thing to do to ensure that only appropriate allegations are brought before the Tribunal.

Intervention into PM Law Group

24 We have continued to make noteworthy progress supporting former clients of the firm. As of 10 September:

- Circa 14,400 files have been released to clients or their new representatives
- We have responded to almost 28,000 emails and enquiries to provide advice and support to former clients
- We have provided a range of information, guidance and support for clients impacted on our website.

25 £24.1 million has been returned to clients so far, this includes £7.1 million made from the Statutory Trust (which involves client money that was held by PM Law at the time we intervened) and £17 million from the SRA Compensation Fund.

26 We have received over 1258 applications to the Compensation Fund and have already dealt with 650 claims. The current initial claim value for all applications we have received to the Compensation Fund (including those that had already been paid) by 10 September is £33.4 million (prior to eligibility assessment).

27 We have continued to receive a remarkably high volume of claims and there remains considerable pressure to deal with the claims. We have increased resources; developed a ‘fast track’ process and implemented the prioritisation criteria to help us make sure that those with the greatest need are dealt with first (this applies to both applications relating to PM Law and those that are connected to other firms).

28 In June, we disqualified Mr John Bostock, non-lawyer manager and Head of Finance and Administration (HOFA) of the licensed bodies (and Compliance Officer for Finance and Administration of the recognised bodies) which made up the PM Law group, from holding any of the following roles in law firms regulated by the SRA: Head of Legal Practice, Head of Finance and Administration, a manager or an employee. Our investigation is continuing.

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Post Office

29 We continue to investigate the involvement of solicitors in the Post Office Horizon IT scandal. In his most recent progress report published in July, the Inquiry Chair, Sir Wyn Williams, indicated that he is still some months away from completing the necessary work for his report to be ready for publication. We are progressing our investigations as regard involvement in the scandal in advance of that. We have brought two cases in the SDT, both of which relate to conduct after the scandal rather than as part of it. The SDT will now independently consider the allegations we have brought against those solicitors.

[redacted]

SSB

34 We have investigated concerns that were first raised with us at the end of 2023, including by clients of SSB who were unexpectedly being pursued to pay adverse legal costs in relation to discontinued cavity wall insulation litigation claims. This was despite clients having entered into the claims on a 'no-win no-fee' basis.

35 We reviewed how the firm obtained its work, and how the claims were handled by staff, including whether clients were properly advised and whether their instructions were followed. We also looked closely at the After the Event (ATE) insurance obtained, and whether the solicitors complied with their obligations to keep the ATE insurers updated regarding the merits and progress of claims.

36 We have now completed our investigation. In August 2026 we published our decision to refer the conduct of Jeremy Brooke, who worked at SSB and was involved in this work, to the SDT. The SDT will now independently consider the allegations we have brought against Mr Brooke. This is in addition to the orders we obtained last year to prohibit two individuals who worked at SSB, who were not solicitors - Wesley Bower and Steven Westwood, from working in any firm we regulate. We have also closed three further cases involving solicitors at SSB with no further action as the evidence did not show breaches of our Standards and Regulations.

[redacted]

Misuse of AI

39 The misuse of AI by solicitors is an emerging trend we are seeing, no doubt, reflecting the increased use of AI in the day-to-day work of the legal sector as in other sectors. We published a Warning Notice on the misuse of AI on 17 August 2026 designed to help solicitors and law firms understand their obligations and

how to comply with them. We are concerned about two areas. The first is the misuse of AI resulting in court or other documents which contain false or incorrect information, including citations, as a result of AI "hallucinations." The second is instances of confidential client information being entered into public AI tools. The Pinsent Masons case was widely reported in the press. Pinsent Masons self-referred earlier this year following judicial criticism of conduct in placing material before the court that had been produced by AI and contained misleading statements.

Immigration cases

40 Our immigration investigations continue to focus on protecting vulnerable consumers and maintaining confidence in legal services delivered in this high-risk area. As of August 2026, we had 55 cases under investigation covering a range of concerns.

41 We have secured four substantive disciplinary outcomes, comprising one warning, two rebukes and one strike-off, in matters involving poor supervision, inadequate oversight of unadmitted staff and, in one case, the dishonest use of AI-generated material in legal proceedings. We also intervened into two firms where there were serious concerns relating to the exploitation of vulnerable clients, suspected fraud and significant regulatory breaches. These actions have protected consumers, disrupted harmful practices and reinforced the standards expected of solicitors operating in the immigration sector. We continue to progress several significant misconduct investigations, with further cases being considered for referral to the Tribunal.

Motor finance commission claims

42 As part of the joint regulatory Taskforce on the handling of motor finance claims, the SRA and Financial Conduct Authority (FCA) are working together to address multiple representation in motor finance claims to target the risk of consumer detriment and delayed redress payments. Both regulators are working with the sector about proposed next steps and a process to resolve instances of multiple representation, including measures to ensure informed consumer choice and address exit fees and liens. The work is proceeding in the wider context of two recent legal developments:

- the partial suspension of the FCA redress scheme following legal challenge
- the Court of Appeal's judgment permitting motor finance claims to be progressed under eight 'omnibus' claims forms.

Solicitors Qualifying Examination (SQE)

43 Earlier this month, we announced the first in a series of improvements to SQE1, informed by candidate feedback, assessment data and engagement with employers, training providers and the wider profession. From January 2027, SQE1 will be streamlined from 360 to 340 questions, with questions grouped by subject area within specific Functioning Legal Knowledge assessments. These changes are designed to improve the candidate experience while maintaining the rigorous, reliable and consistent standards that underpin qualification as a solicitor and support public confidence in the profession. These changes reflect our commitment to listening to feedback and making evidence-based improvements where appropriate, while preserving the high standards expected of the profession.

44 Two national grid power outages affected candidates sitting two SQE2 oral assessments at the same Kaplan London assessment centre in August. The first outage on 8 August affected around 228 candidates.

45 We worked proactively with Kaplan to help steer a course through this to both retain the integrity of the examination process and to provide effective and empathetic candidate support. Lessons learned activities are underway, focusing on operational resilience and candidate communications.

[redacted]

[redacted]

Review of the Statement of Solicitor Competence and Functioning Legal Knowledge

48 We plan to consult on proposed changes to the Statement of Solicitor Competence (SoSC) and Functioning Legal Knowledge (FLK) (first published in 2015) to make sure they reflect current legal practice. In our SQE evaluation programme we committed to reviewing them five years after the introduction of the SQE (in 2021).

49 The SoSC sets out what all solicitors need to be able to do to practise effectively. The FLK sets out the core legal knowledge expected of all solicitors on day one of practice. The SoSC informs the design and content of the SQE and is used by solicitors to support their continuing competence. The SoSC complements and works alongside our Standards and Regulations, but it performs a different function, focusing on requirements for competence rather than conduct. It is

referenced in the topic guide on competence and standards of service used by our investigation and supervision teams when considering reports about poor competence.

50 The consultation will open towards the end of this month / early October and run for a period of eight weeks. Following the consultation and any subsequent changes, we will also take account of this in our evaluation of the SQE.

Professional Ethics

51 As part of our Professional Ethics programme, we have carried out a 'listening exercise' with authorised individuals and key stakeholders to better understand the challenges of upholding professional and ethical duties in practice.

52 Throughout June, we held nine focus groups. Participants represented a range of roles, including in-house solicitors, junior solicitors, sole practitioners, Compliance Officers, and non-authorised employees. We also held 25 further discussions with key stakeholders, including regulators, academics, law societies and legal wellbeing charities. The findings highlighted a range of factors that influence ethical judgement, including professional identity, workplace culture, leadership behaviour, and commercial pressure.

53 We have used the findings from this exercise, alongside wider evidence, to inform our developing programme of work focused on supporting solicitors in exercising confident, independent ethical judgement, and on supporting authorised bodies in creating environments that enable ethical behaviour. This work brings together a range of existing and planned activity that contributes to promoting ethical standards and behaviours. A separate paper is provided to the Board with an update on this work.

Anti-money laundering (AML)

54 We continue to engage closely with the FCA as preparations progress for the future AML supervisory framework. While the direction of travel remains clear, there is currently no confirmed timetable for the legislative changes required to transfer supervisory responsibility. The FCA has indicated that the first transfers are unlikely to take place before late 2028, with full implementation expected to extend into 2030. In the meantime, we remain fully committed to delivering effective AML and sanctions supervision. We are working constructively with the FCA and other stakeholders on key transition issues, including proportionate data sharing, supervisory arrangements and the preservation of valuable sector expertise, while ensuring that firms continue to receive clear and consistent regulatory oversight.

55 Engagement with the profession remains a key priority. Our programme of webinars, events and targeted outreach has continued to attract strong participation from firms across the sector, helping to build awareness of emerging

risks and regulatory expectations, while providing practical support to improve compliance. This year we will continue our thematic work, including our review of firms' policies, controls and procedures, which will identify examples of good practice and provide valuable insights to support continuous improvement across the profession. Further webinars and engagement activity are planned throughout the remainder of the year as part of our ongoing commitment to supporting firms in meeting their AML obligations.

56 We have also intensified our preparations for the Financial Action Task Force (FATF) Mutual Evaluation of the United Kingdom in 2027. We will support HM Treasury, the Home Office and wider partners throughout the evaluation process and have already been actively involved in preparatory activity. We will continue to work closely with government and supervisory partners to provide evidence, data, case studies and supervisory insight that demonstrate the effectiveness of the UK's AML framework and the contribution made by the legal sector.

AI Growth Lab

57 Applications to the AI Advisory Growth Lab opened on 5 August. We published a news release encouraging legal sector organisations developing or deploying AI to apply. We have also engaged with stakeholders across the legal and Law Tech sectors to raise awareness of the Lab and taken part in the government-led launch webinar on 10 August. We continue to work with Government and partner regulators on delivery of the Lab and will keep the Board updated as applications are received and assessed.

58 On 2 June we held our annual SRA Innovate event. This brought together panels of solicitors, firms, technology providers and academics to look at how AI, innovation and technology are reshaping legal services. Panel sessions covered the use of AI in legal practice, as well as looking at emerging AI capabilities and how regulation can remain informed by new developments. Attendance was the highest so far for our Innovate events and feedback was positive, with 100% saying they would attend a future event. Recordings are available on our website, and the latest edition of Law Tech Insight, published on 30 July, amplified content from the event, focusing on the importance of governance.

Practising Certificate Renewal Exercise

59 Planning is well underway for the Practising Certificate Renewal Exercise on 1 October. Following changes to our multi-factor authentication process in 2025 to enhance security, we are again expecting higher customer contacts. To support customers and manage increased demand, we are planning to introduce a range of enhancements, including web chat and improved guidance.

Regulatory Information Service

60 In late May, the Regulatory Information Service was launched into public beta and ran until late August. The service, which allows users to check legal advisers or choose advisers based on their needs, has attracted more than 70,000 users with more than 1,000 searches completed. It is generating substantial evidence on user demand and behaviour, which we will now evaluate carefully.

Work on improving the how clear and easy it is for consumers to make a complaint

61 Our supplementary consultation on changing requirements on first-tier complaints closed on 1 September. We will analyse responses and develop our proposals to submit an application to the LSB in the autumn. This is with the intention of bringing us into full compliance with the LSB's Section 112 Requirements for regulators on first-tier complaints. We are working with the Legal Ombudsman on how to improve how clear and easy it is for consumers to make a complaint and are planning a Board-to-Board meeting before Christmas.

Diversity in the profession

62 In July we published an update on the work we have been doing to deliver the commitments we made following our two research projects: the overrepresentation of minority ethnic solicitors in our enforcement processes and differential outcomes by ethnicity in professional qualifying assessments.

63 In relation to our differential outcomes work, we have continued to facilitate discussions and share good practice through our forum, published additional resources for aspiring solicitors to prepare for the SQE and continued to develop our analysis and understanding of the factors which affect SQE outcomes.

64 In relation to our overrepresentation work, we have provided targeted compliance resources to smaller firms, which the research found are more likely to be reported to the SRA, with further resources to come. We have also strengthened how we make and record our decisions when assessing the reports we receive and provided more support to the assessment team in making borderline decisions.

65 Our latest firm diversity data statistics show that 55% of lawyers are women, an increase of 7% since 2015. However, while progress has been made, gaps remain at senior levels. We recently published a new resource for the profession on creating inclusive workplaces for women. It explores the barriers women can face in the workplace, and the practical steps firms can take to help overcome them.

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Standards and Regulations and Transparency Rules evaluation

66 We have finalised our year five evaluation of the Standards and Regulations and Transparency Rules which will be published over the next month.

67 The findings demonstrate the positive impact the reforms have had on the legal services market. We wanted to introduce flexibility and make our rules easier to follow, and the responses to the research suggest that we have that right. More information is available to consumers, and they are better able to compare it. Firms generally understand the reforms and said they supported the way the rules allowed them to use more of their professional judgement, flexibility and ethical decision-making. A growing proportion believe the Transparency Rules deliver benefits for potential clients. However, the evaluation also found that there is still more to do to improve compliance with the Transparency Rules, and this will be the immediate focus of our work on the rules.

