COLP eligibility changes:
Time to review your compliance structure?

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A great question submitted during our recent Chronicle Law webinar, *The Role of COLPs & Managing Risk in Practice*, highlighted a change that may have flown under the radar for some firms: the evolving eligibility requirements for COLPs and COFAs within certain SRA-regulated practices.

You can access the webinar recording **here**.

The SRA has always expected Compliance Officers for Legal Practice (COLPs) and Compliance Officers for Finance and Administration (COFAs) to have sufficient authority, independence, and reporting lines to fulfil their responsibilities effectively. Compliance officers are responsible for overseeing compliance and reporting serious breaches, while the firm's managers remain ultimately accountable for regulatory compliance.

Recent changes approved by the Legal Services Board (LSB) are designed to strengthen that independence further*. For certain firms, individuals with authority to unilaterally determine or direct significant management decisions may no longer be eligible to act as COLP or COFA. The focus is on decision-making authority rather than job title alone. This represents a shift towards greater separation between executive leadership and compliance oversight.

**Important note: This is an evolving area. The Legal Services Board has approved the changes, but further SRA guidance is expected before implementation. Firms should monitor developments closely as the detail and practical application may continue to evolve.*

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What we know so far

The Legal Services Board has approved the proposed changes to COLP and COFA eligibility. The changes are expected to come into force from early 2027. The restrictions focus on individuals who can unilaterally determine or direct significant management decisions. Further SRA guidance is expected before implementation.

Which firms could be affected?

Firm type	Likely impact
Sole practitioner/ sole owner firm	Limited impact. Certain exemptions are expected to apply.
Multi-owner firm with turnover below £600k and less than £2m client money	Less likely to be affected, although firms should monitor implementation details.
Multi-owner firm with turnover above £600k	Review COLP and COFA appointments and governance structures.
Multi-owner firm holding more than £2m client money	Review COLP and COFA appointments and governance structures.

Who should review their COLP arrangements?

The key consideration is not job title, but whether an individual has authority to make or direct significant management decisions within the firm.

Role	Review recommended?
Managing Partner with significant decision-making authority	Yes, particularly where decisions can be made unilaterally.
Managing Director with significant decision-making authority	Yes, particularly where decisions can be made unilaterally.
CEO with authority over structure, governance, or strategic decisions	Yes.
Partner, Director, or Owner operating within a shared governance model	May remain suitable, depending on the firm’s governance arrangements.
Compliance Manager	Potentially suitable.
Risk & Compliance Officer	Potentially suitable.
Senior solicitor without significant management control	Potentially suitable.

Why do firms need a COLP

It is easy to view COLP and COFA appointments as a regulatory requirement, but their value extends well beyond compliance. A strong COLP helps ensure the firm operates in line with its regulatory obligations, identifies emerging risks, supports good governance, and provides a mechanism for escalating concerns before they become regulatory issues. A COFA performs a similar role in relation to financial controls, accounting practices, and compliance with the SRA Accounts Rules.

In practice, effective Compliance Officers help firms to:

- Strengthen governance and accountability
- Identify and address risks before they become reportable breaches
- Support a positive compliance culture across the business
- Protect client interests and maintain trust
- Demonstrate robust risk management to regulators, insurers, and clients
- Provide independent challenge where business decisions may create regulatory or operational risk

The purpose of a COLP is not to create more compliance. It is to help firms identify issues early, provide effective challenge, strengthen governance, and reduce the likelihood of regulatory intervention. The most effective COLPs and COFAs are not simply responsible for reporting problems. They help prevent them. That is why the move towards greater independence between executive management and compliance oversight is significant.

The objective is not to create additional administration, but to make sure that firms have sufficiently independent oversight to identify, challenge, and manage risk effectively.

Practical steps for firms

- Confirm who currently holds the COLP and COFA roles.
- Assess where significant decision-making authority sits within the business.
- Review partnership agreements, board structures, and delegated authority arrangements.
- Consider whether the current COLP can provide effective challenge and independent oversight.
- Identify potential successors or alternative appointees where required.
- Ensure compliance officers have appropriate authority, resources, and direct access to leadership.

What about Scotland?

These changes apply to firms regulated by the SRA in England and Wales. Scotland operates under a different regulatory framework overseen by the Law Society of Scotland and does not currently require firms to appoint COLPs and COFAs in the same way as SRA-regulated firms. However, Scottish firms should not dismiss the broader message.

Across the legal sector there is increasing focus on:

- Effective governance
- Accountability
- Financial controls
- Risk management
- Independent oversight of compliance activities

These are themes that regulators, insurers, and clients continue to scrutinise regardless of jurisdiction. For firms operating across multiple jurisdictions, this is a useful opportunity to review governance arrangements holistically rather than approaching compliance purely through a regulatory lens.

Key takeaway

This is about more than a change in job title. Good COLPs and COFAs help protect reputation, reduce risk, strengthen governance, and provide the independent challenge that every successful firm needs. As regulatory expectations evolve, now is the time to review whether your compliance structure remains fit for purpose.

Useful SRA resource

The SRA's guidance remains one of the best resources for understanding the responsibilities, authority, reporting obligations, and governance expectations associated with the COLP and COFA roles. You can read that here.

Final caveat: Given that additional SRA guidance is expected before implementation, this article reflects the information available at the time of writing and may require updating as further clarification is published.

Question for firms: If your current COLP had to challenge a key business decision tomorrow, would they have sufficient independence to do so?

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