

WASHINGTON STATE BAR ASSOCIATION



PRACTICE *of* LAW BOARD

Pilot Project to Test Entity Regulation: Frequently Asked Questions

Q. What is the entity regulation pilot project?

The pilot project is a mechanism for testing a potential legal regulatory reform using data-driven methods prior to fully implementing that reform, like a sandbox or laboratory environment. Under the Washington Supreme Court's supervision and as a joint effort, the Washington Supreme Court's Practice of Law Board (POLB) and the Washington State Bar Association (WSBA) will oversee and administer a pilot project for entity regulation using the POLB's *Framework for Data-Driven Legal Regulatory Reform*.¹ The pilot will test authorizing entities to provide legal and law-related services in Washington under time-bound, limited exemptions from the otherwise applicable rules and statutes governing entities practicing law ("entity regulation").

Q. Who can currently practice law in Washington and how is the test pilot different?

Historically, only individuals licensed by the Washington Supreme Court have been allowed to own law firms, share legal fees, and practice law in the state of Washington. Currently, there are three license types authorized by the Court to practice law: Lawyers, [Limited License Legal Technicians](#), and [Limited Practice Offers](#). The pilot test will, for the first time, authorize entities with innovative business models to offer legal services to the public.

Q. What is data-driven legal regulatory reform?

Generally, data-driven legal regulatory reform is a framework based on the scientific method to thoroughly evaluate a new or proposed change to a legal regulation and to help ensure the proposed reform has a worthwhile effect. More specifically, the POLB's *Framework for Data-Driven Legal Regulatory Reform* (Framework) is a methodology that permits regulators and others to assess the potential risks and the benefits of an intended legal regulatory reform by using the scientific method and data-driven processes. The Framework allows innovators, regulators, access-to-justice advocates, and the public to use a consistent set of processes for designing, maintaining, and participating in a test of a legal regulatory reform. One of the goals of the Framework is to provide adequate guardrails to protect the public and others while legal reforms are tested and relevant data is collected, rather than implementing a reform before its impact is fully understood, including whether any potential benefits can be accomplished and any harms mitigated.

Q. What regulatory rules will be tested in the entity regulation pilot project?

Generally, the entity regulation pilot project (or pilot test) will test reforming rules that prohibit the practice of law and provision of legal services by entities unless the entity providing those legal services is owned and operated by, and fees are shared only among, individuals authorized to practice law. *See, e.g.*, RCW 2.48.180, RPC 5.4, and LLLT RPC 5.4.

¹ Practice of Law Board, *A Framework for Data-Driven Legal Regulatory Reform*, 14.2 Seattle J. Tech., Env't & Innovation L. 1 (2024), <https://digitalcommons.law.seattleu.edu/sjteil/vol14/iss2/2/>.

Q. Why now?

For years, the POLB has been monitoring and considering how technology is changing the legal landscape, including, for example, how online legal service providers and other innovative business models are delivering legal services to the public and whether their activities may constitute the practice of law. The POLB has studied and engaged with legal technology experts to better understand current and potential ways entities might provide legal services. The provision of these services is already being delivered to the public by national and international companies, unregulated by the WSBA, and is sure to expand in coming years. Also recognizing the profound implications of these changes, the WSBA Board of Governors made it a strategic priority for fiscal year 2024 to “assess technology-related opportunities and threats and determine WSBA’s role vis-a-vis regulation, consumer protection, and support to legal professionals.” A key focus area for that goal included collaborating with the POLB to propose a pilot for data-driven regulatory reform to the Washington Supreme Court. The question: What role *can* and *should* the Supreme Court take in recognition of threats and opportunities from emerging legal technology? The purpose of the pilot is to determine, before implementing any permanent rule reforms, whether entity regulation will increase access to justice by enhancing access to affordable and reliable legal and law-related services consistent with protection of the public and whether entity regulation will create risks of consumer harm, regulatory challenges, or other risks that would serve as barriers to implementing such reform.

Q. Who will operate the pilot test ordered by the Court?

The WSBA and the POLB will collaborate in administering and overseeing the pilot test under the supervision of the Supreme Court, including administering the application and application review process, conducting ongoing monitoring and oversight of participants who have received a limited authorization to practice law from the Supreme Court, and collecting and analyzing aggregate data and information from participants with the intent of making a final data-driven determination regarding whether entity regulation should be implemented. At the end of the pilot test, the POLB and the WSBA will make a recommendation to the Court regarding whether to implement entity regulation and, as appropriate, shall propose regulatory reforms necessary to accomplish the implementation.

Q: How long will the entity regulation pilot test last?

The pilot test will conclude when the WSBA and POLB have sufficient data and information to make a final data-driven recommendation to the Court regarding entity regulation. In any event, the pilot test will end 10 years after the first entity is granted authority to participate in the pilot project, unless extended by the Court.

Q. What is the status of the pilot project? What happens next?

On December 5, 2024, the Washington Supreme Court [entered an order](#) authorizing the timebound, data-driven pilot test of entity regulation. The WSBA and the POLB will now collaborate on implementing the pilot test, including, for example, developing the application and application review process. Check www.wsba.org/pilot-project for updates about the logistics, timing, and application process.