

**Proposed Rule 2.5 of the Rules of the State Bar
(Clean Version)**

Rule 2.5 Annual reporting, account registration and self-assessment completion requirements

(A) CTAPP Reporting Requirements

Unless a licensee is exempt under paragraph (L), a licensee must annually comply with the following reporting requirements:

- (1) Annual Trust Account Certification—A licensee must annually (a) report whether or not, at any time during the reportable time period, they were a licensee responsible for client funds or funds entrusted by others under the provisions of rule 1.15 of the Rules of Professional Conduct and (b) if they were a licensee responsible for client funds or funds entrusted by others under the provisions of rule 1.15 of the Rules of Professional Conduct, then those licensees must also certify that they are knowledgeable about, and in compliance with, applicable rules and statutes governing a trust account and the safekeeping of funds entrusted by clients and others;
- (2) Annual Trust Account Registration—A licensee who was responsible for client funds or funds entrusted by others under the provisions of rule 1.15 of the Rules of Professional Conduct must, annually, register each and every trust account by identifying the bank routing number; bank name; bank account number; bank account name; account opened date; account closed date, if applicable; account balance on a specified date; the full name and license number of the designated licensee; and other information as required by the State Bar and in a manner prescribed by the State Bar for such reporting. The requirement to provide to the State Bar the full name and license number of the designated licensee commences January 1, 2026. A licensee will be considered in compliance with this subparagraph if the licensee’s firm submits account registration information on behalf of one or more licensees affiliated with the firm that identifies the licensee as one on whose behalf the registration information is submitted; and
- (3) Annual Self-Assessment—A licensee responsible for client funds or funds entrusted by others under the provisions of rule 1.15 of the Rules of Professional Conduct must complete an annual self-assessment and report the completion of the self-assessment in a manner prescribed by the State Bar for such reporting.

(B) CTAPP Reporting Deadline

The deadline for submitting the information to be annually reported under paragraph (A) of this rule is the licensee's due date for paying their license fees under Title 2, Division 2, rules 2.11 or 2.12 of the State Bar Rules.

(C) CTAPP Reporting Required Even if a Licensee is Not Responsible for Trust Funds at the Time of Reporting

The annual reports required under paragraph (A)(1) and paragraph (A)(3) of this rule must be submitted when a licensee, at any time during the reportable time period, has been a licensee responsible for client funds or funds entrusted by others under the provisions of rule 1.15 of the Rules of Professional Conduct, and this includes circumstances where the licensee at the time of submitting their report is no longer responsible for client funds or funds entrusted by others under the provisions of rule 1.15 of the Rules of Professional Conduct. The registration of a trust account under paragraph (A)(2) of this rule also is required even if a licensee is not responsible for funds held in the trust account at the time of reporting so long as the licensee remains in practice with the firm that controls the trust account. A licensee is not required to register a trust account controlled by a firm with which the licensee no longer practices.

(D) CTAPP Reporting Required Even if a Licensee is Not Responsible for Entrusted Funds

Under paragraph (A)(1), a licensee who is not exempt under paragraph (L) must report whether or not, at any time during the reportable time period, they were a licensee who was responsible for client funds or funds entrusted by others under the provisions of rule 1.15 of the Rules of Professional Conduct. To comply with paragraph (A)(1), a licensee who was not responsible for client funds or funds entrusted by others under the provisions of rule 1.15 of the Rules of Professional Conduct must submit a report indicating that fact.

(E) Designated Licensee Duties

The designated licensee shall be the primary account holder or signatory on the trust account and shall be responsible for performing or supervising the monthly reconciliation of the trust account. The designated licensee is also responsible for answering any questions that other licensees in the firm may have about the trust account. A licensee can be the designated licensee for more than one trust account. The fact that a licensee has been assigned by a firm as the designated licensee does not absolve other licensees of their duties under the Rules of Professional Conduct or the reporting requirements of this division.

(F) Furnishing Designated Licensee Information to Financial Institutions in Which Trust Accounts Are Held

- (1) Commencing January 1, 2026, upon establishment of a new trust account, a licensee must serve a completed State Bar Notice To Financial Institution form on the financial institution pursuant to section 684.115 of the Code of Civil Procedure. If the trust account is established by a firm, the firm must assign a

firm member who is a current licensee to be the designated licensee and include their information on the State Bar Notice to Financial Institution form.

- (2) For trust accounts existing prior to January 1, 2026, a licensee must, on or before July 1, 2026, serve a completed State Bar Notice To Financial Institution form on the financial institution pursuant to section 684.115 of the Code of Civil Procedure. If the trust account was established by a firm, the firm must assign a firm member who is a current licensee to be the designated licensee and include their information on the State Bar Notice to Financial Institution form.
- (3) Commencing January 1, 2026, within 30 days of a designated licensee becoming inactive with the State Bar, becoming not eligible to practice law, or ceasing to be employed by or in practice with a firm, the designated licensee must close the trust account or the remaining licensees in practice with the firm must assign a new designated licensee and serve a new, completed State Bar Notice To Financial Institution form on the financial institution pursuant to section 684.115 of the Code of Civil Procedure.

(G) Noncompliance

Noncompliance with the requirements of this rule is failure to:

- (1) satisfy the requirements of paragraphs (A), (E), or (F) of this rule; or
- (2) pay fees for noncompliance.

(H) Notice of CTAPP Reporting Noncompliance

A licensee who is sent a notice of noncompliance with any reporting required by this rule must comply as instructed in the notice or be involuntarily enrolled as inactive. An inactive licensee is not eligible to practice law.

(I) Enrollment as Inactive for Noncompliance

A licensee who fails to comply with a notice of CTAPP reporting noncompliance is enrolled as inactive and is not eligible to practice law. The enrollment is administrative and no hearing is required.

(J) Reinstatement Following Noncompliance

Enrollment as inactive for CTAPP reporting noncompliance terminates when a licensee submits proof of compliance and pays noncompliance and reinstatement fees.

(K) Fees for Noncompliance

Fees for noncompliance with any of the requirements in paragraph (A), including a reinstatement fee to terminate CTAPP inactive enrollment, are set forth in the Schedule of Charges and Deadlines.

(L) Licensees Who are Exempt from Compliance With this Rule

(1) Until December 31, 2025, the following category of licensees are exempt from compliance with the reporting requirements in paragraph (A):

- (a) A licensee who was not on active status for the entirety of the reportable time period; or
- (b) A licensee who is not entitled to practice law at the time of the reporting deadline for any reason other than voluntary inactive enrollment.

(2) On and after January 1, 2026, a licensee who was on voluntary inactive status for the entirety of the reportable time period is exempt from the reporting requirements in paragraph (A).

Rule 2.5 adopted effective January 1, 2023; amended effective December 1, 2023; amended effective February 20, 2025.