

119TH CONGRESS
2D SESSION

S. 3826

To amend title 28, United States Code, to increase transparency and oversight of third-party litigation funding in certain actions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 11, 2026

Mr. GRASSLEY (for himself, Mr. TILLIS, Mr. KENNEDY, and Mr. CORNYN) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To amend title 28, United States Code, to increase transparency and oversight of third-party litigation funding in certain actions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Litigation Funding
5 Transparency Act of 2026”.

1 **SEC. 2. TRANSPARENCY AND OVERSIGHT OF THIRD-PARTY**
 2 **LITIGATION FUNDING IN CLASS AND MASS**
 3 **ACTIONS.**

4 (a) IN GENERAL.—Chapter 115 of title 28, United
 5 States Code, is amended by adding at the end the fol-
 6 lowing:

7 **“§ 1747. Third-party litigation funding disclosure**

8 “(a) DEFINITIONS.—In this section:

9 “(1) CLASS ACTION.—The term ‘class action’
 10 has the meaning given the term in section 1711.

11 “(2) COMMERCIAL ENTERPRISE.—The term
 12 ‘commercial enterprise’—

13 “(A) means any entity formed for the on-
 14 going conduct of lawful business; and

15 “(B) does not include any entity that, in a
 16 covered civil action, has a right or expectation
 17 of payment based on any activity, right, or in-
 18 terest described in subparagraph (A) or (B) of
 19 paragraph (8) that is limited to—

20 “(i) the repayment of the principal of
 21 a loan;

22 “(ii) the repayment of the principal of
 23 a loan plus interest that does not exceed
 24 the greater of 10 percent or a rate 3 times
 25 the annual average 30-year constant matu-
 26 rity Treasury yield, as published by the

Board of Governors of the Federal Reserve System, for the year preceding the date on which the relevant agreement was executed; or

“(iii) the reimbursement of fees or grants paid or given to counsel of record for services provided in a covered civil action.

“(3) COVERED CIVIL ACTION.—The term ‘covered civil action’—

“(A) means—

“(i) any civil action transferred to or filed in coordinated or consolidated pretrial proceedings established by the judicial panel on multidistrict litigation pursuant to section 1407;

“(ii) any class action; and

“(iii) any civil action filed in a coordinated or consolidated proceeding before a district court of the United States that includes not fewer than 100 civil actions; and

“(B) does not include any action brought or funded by a nonprofit legal organization funded by donors that is providing funding or

representation to clients on a pro bono basis if the donations to the nonprofit organization that are used to bring or fund the action were not provided by a foreign state, a foreign person, a sovereign wealth fund, or a commercial enterprise, any of which is controlled by or owned by a foreign state, foreign person, or sovereign wealth fund.

“(4) FOREIGN PERSON.—The term ‘foreign person’—

“(A) means any person that is not a United States person; and

“(B) does not include a foreign state or a sovereign wealth fund.

“(5) FOREIGN PRINCIPAL.—The term ‘foreign principal’ has the meaning given the term in section 1 of the Foreign Agents Registration Act of 1938, as amended (22 U.S.C. 611).

“(6) FOREIGN STATE.—The term ‘foreign state’ has the meaning given the term in section 1603.

“(7) SOVEREIGN WEALTH FUND.—The term ‘sovereign wealth fund’ means an investment fund owned or controlled by a foreign state, an agency or instrumentality of a foreign state, or an entity a majority of the shares or other ownership interest of

1 which is owned or controlled by a foreign state or by
2 an agency or instrumentality of a foreign state.

3 “(8) THIRD-PARTY FUNDER.—The term ‘third-
4 party funder’ means any commercial enterprise, for-
5 eign state, foreign person, or sovereign wealth fund,
6 other than counsel of record, that—

7 “(A) provides or agrees to provide direct or
8 indirect monetary support to a party, counsel,
9 or law firm for purposes of funding the initi-
10 ation or litigation of a covered civil action in
11 which neither the commercial enterprise, foreign
12 state, foreign person, or sovereign wealth fund,
13 as applicable, nor a subsidiary corporation
14 thereof (as defined in section 424(f) of the In-
15 ternal Revenue Code of 1986, determined by
16 substituting ‘corporation which is the commer-
17 cial enterprise, foreign state, foreign person, or
18 sovereign wealth fund described in section
19 1747(a)(8) of title 28, United States Code,’ for
20 ‘employer corporation’ each place it appears), is
21 a named party; or

22 “(B) as a nonparty, has a right to receive
23 in return anything that is greater in value than
24 what is given or granted that is related in any
25 respect to proceeds from a covered civil action

1 or a group of actions of which the covered civil
2 action is a part, by settlement, judgment, attor-
3 ney’s fees, or otherwise.

4 “(9) UNITED STATES PERSON.—The term
5 ‘United States person’ has the meaning given the
6 term in section 101 of the Foreign Intelligence Sur-
7 veillance Act of 1978 (50 U.S.C. 1801).

8 “(b) DISCLOSURE.—In any covered civil action, a
9 party or any counsel of record for a party shall—

10 “(1) disclose in writing to the court and all
11 other named parties to the action the identity of any
12 third-party funder of the action;

13 “(2) disclose in writing to the court and all
14 other named parties to the action whether any third-
15 party funder of the action is a foreign state, foreign
16 person, sovereign wealth fund, or a commercial en-
17 terprise that is directly or indirectly controlled by or
18 owned by a foreign state, foreign person, or a sov-
19 ereign wealth fund;

20 “(3) produce for inspection and copying to the
21 court and to all other named parties to the action
22 any agreement concerning the provision of monetary
23 support described in subsection (a)(8)(A) or creating
24 the right described in subsection (a)(8)(B), unless
25 otherwise ordered by the court; and

1 “(4) transmit to the Administrative Office of
2 the United States Courts copies of any disclosures
3 made under paragraph (2), or any productions made
4 under paragraph (3) in any case in which a disclo-
5 sure is required under paragraph (2).

6 “(c) TIMING.—The disclosures and notifications re-
7 quired by subsection (b) shall be made not later than the
8 later of—

9 “(1) 10 days after the execution of any agree-
10 ment described in subsection (b)(3); or

11 “(2) the time of service of the action.

12 “(d) DUTY TO CORRECT.—A party or counsel of
13 record that made a disclosure required by this section shall
14 supplement or correct each such disclosure in a timely
15 manner—

16 “(1) if such party or counsel of record learns
17 that the disclosure is or has become incomplete or
18 incorrect in some material respect, if the additional
19 or corrective information has not otherwise been
20 made known to the other parties during the dis-
21 covery process or in writing; or

22 “(2) as ordered by the court.

23 “(e) ENFORCEMENT.—The obligations set forth in
24 subsection (b) shall be deemed to be disclosures required
25 by rule 26(a) of the Federal Rules of Civil Procedure and

1 shall be subject to the sanction provisions of rule 37 of
2 the Federal Rules of Civil Procedure.

3 “(f) WEBSITE UPDATE; REPORT.—Not later than
4 180 days after the date of enactment of this section, and
5 every 120 days thereafter, the Administrative Office of the
6 United States Courts shall submit to Congress, the Attor-
7 ney General, and the Principal Deputy Assistant Attorney
8 General for National Security and shall post on the United
9 States Courts website a report that lists—

10 “(1) each foreign state, foreign person, sov-
11 ereign wealth fund, or commercial enterprise that
12 was identified in a covered civil action in response
13 to subsection (b)(2) or subsection (g) during the
14 preceding 120 days;

15 “(2) the caption and docket number of the ac-
16 tion described in paragraph (1);

17 “(3) the court in which the action described in
18 paragraph (1) is pending;

19 “(4) the amount of any monetary support pro-
20 vided by the person identified in paragraph (1); and

21 “(5) the total amount each foreign state, for-
22 eign person, sovereign wealth fund, or commercial
23 enterprise listed in paragraph (1) has provided in
24 support of any covered civil action during the pre-
25 ceding 120 days.

1 “(g) LITIGATION INTEGRITY.—

2 “(1) IN GENERAL.—No third-party funder in a
3 covered civil action shall exert or be afforded the
4 right to exert, by contract or otherwise, influence,
5 control, or discretion regarding the litigation strat-
6 egy, decision-making, or settlement negotiations of a
7 party.

8 “(2) CONTEMPT.—The court presiding over a
9 covered civil action may—

10 “(A) hold in contempt any person that vio-
11 lates paragraph (1); and

12 “(B) for purposes of issuing and enforcing
13 a contempt order under subparagraph (A), ex-
14 ercise the powers of a district judge in any dis-
15 trict.

16 “(h) PROTECTION OF PROPRIETARY INFORMATION
17 ACQUIRED DURING THE DISCOVERY PROCESS.—

18 “(1) IN GENERAL.—In a covered civil action, no
19 third-party funder or any agent, counsel, or rep-
20 resentative of a third-party funder may obtain, in-
21 spect, copy, or otherwise view any discovery mate-
22 rials that are produced in the action subject to a
23 protective order issued pursuant to rule 26(c)(1)(G)
24 of the Federal Rules of Civil Procedure, unless spe-
25 cifically authorized by the court.

1 “(2) CONTEMPT.—The court presiding over a
2 covered civil action may—

3 “(A) hold in contempt any person or entity
4 that violates paragraph (1); and

5 “(B) for purposes of issuing and enforcing
6 a contempt order under subparagraph (A), ex-
7 ercise the powers of a district court in any dis-
8 trict.”.

9 (b) TECHNICAL AND CONFORMING AMENDMENT.—
10 The table of sections for chapter 115 of title 28, United
11 States Code, is amended by adding at the end the fol-
12 lowing:

“1747. Third-party litigation funding disclosure.”.

13 **SEC. 3. APPLICABILITY.**

14 The amendments made by this Act shall apply to any
15 case pending on or commenced after the date of enactment
16 of this Act.

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