

119TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

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Mr. GRASSLEY introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**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

1 Board of Governors of the Federal Reserve  
2 System, for the year preceding the date on  
3 which the relevant agreement was exe-  
4 cuted; or

5 “(iii) the reimbursement of fees or  
6 grants paid or given to counsel of record  
7 for services provided in a covered civil ac-  
8 tion.

9 “(3) COVERED CIVIL ACTION.—The term ‘cov-  
10 ered civil action’—

11 “(A) means—

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

17 “(ii) any class action; and

18 “(iii) any civil action filed in a coordi-  
19 nated or consolidated proceeding before a  
20 district court of the United States that in-  
21 cludes not fewer than 100 civil actions;  
22 and

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

1 representation to clients on a pro bono basis if  
2 the donations to the nonprofit organization that  
3 are used to bring or fund the action were not  
4 provided by a foreign state, a foreign person, a  
5 sovereign wealth fund, or a commercial enter-  
6 prise, any of which is controlled by or owned by  
7 a foreign state, foreign person, or sovereign  
8 wealth fund.

9 “(4) FOREIGN PERSON.—The term ‘foreign per-  
10 son’ —

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

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

15 “(5) FOREIGN PRINCIPAL.—The term ‘foreign  
16 principal’ has the meaning given the term in section  
17 1 of the Foreign Agents Registration Act of 1938,  
18 as amended (22 U.S.C. 611).

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

21 “(7) SOVEREIGN WEALTH FUND.—The term  
22 ‘sovereign wealth fund’ means an investment fund  
23 owned or controlled by a foreign state, an agency or  
24 instrumentality of a foreign state, or an entity a ma-  
25 jority 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.