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U.S. Chamber of Commerce  
Institute for Legal Reform

## **Joint ILR-LCJ Letter Calls on Advisory Committee on Civil Rules to Adopt Third-Party Litigation Funding Disclosure Rule, Recommends Rule Text**

*Advisory Committee Expected to Consider a Rule in April Meeting*

WASHINGTON, D.C. – March 12, 2026 – Today, the [U.S. Chamber of Commerce Institute for Legal Reform](#) (ILR) and [Lawyers for Civil Justice](#) (LCJ) submitted a joint comment letter to the Advisory Committee on Civil Rules of the Judicial Conference of the United States Courts (Advisory Committee) urging the body to promulgate a uniform rule requiring disclosure of third-party litigation funding (TPLF) agreements in federal courts and proposing the text of the rule. The comment letter comes ahead of the [Advisory Committee’s April 14](#) meeting where it is expected to discuss the results of its listening tour. The comment proposes new rule text, which would amend Federal Rule of Civil Procedure 26(a)(1)(A) and require the disclosure of third-party funding contracts, in addition to basic information on funders. An original copy of the letter as submitted is available [here](#) and [here](#).

The Advisory Committee formed a subcommittee to consider the need for a TPLF disclosure rule in October of 2024, after [ILR and LCJ submitted a comment calling for the initiation of the rules process](#). Since that time, the TPLF subcommittee has conducted a listening tour to gather information on whether a rule is necessary and what it may require. [LCJ’s analysis of actual TPLF contracts](#) demonstrates that funders—who are nonparties to the litigation—not only share in the proceeds of litigation, but also have the ability to influence or control litigation and settlement decisions.

The joint letter argues a rule is necessary because the lack of TPLF disclosure causes a series of serious problems for America’s courts, including:

- **Conflicts of interest** between funder and parties to the case and/or witnesses remain hidden
- **Time wasted** in negotiations between parties who do not have the authority to make dispositive decisions about the resolution of the litigation.
- **“Zombie” litigation** in which litigation continues at the behest of funders despite the parties’ desire to settle.
- **Inability to manage settlement conferences** effectively because parties are not empowered to make dispositive decisions.

The comment letter also explains that courts face a serious rules problem because they are responding to disclosure requests on an ad hoc basis and are doing so in an inconsistent manner. Absent uniformity that only a rule can provide, some judges are rejecting disclosure requests under relevance standards governing the discovery process in Rule 26(a). Other courts are utilizing *in camera* or *ex parte* review in

ways that are not in keeping with regular procedures regarding motions for protective orders. Some courts are ordering disclosure of TPLF. The comment letter concludes “This lack of uniformity is a rules problem because similarly situated parties in different geographic locations are getting starkly different interpretations of the FRCP and access to much-needed information.”

To solve the problem, ILR and LCJ offer specific language for a new rule that adds to the list of required initial disclosure[s] in Rule 26(a)(1)(A):

*(v) the name, address, and telephone number of any non-party individual or entity (other than counsel of record) that, whether directly or indirectly, is providing funding for the action and has a financial interest therein and, for inspection and copying as under Rule 34, any agreements or other documentation concerning the funding for the action or the financial interest therein.*

The letter draws a direct parallel between the situation facing courts today surrounding TPLF with that of insurance contract disclosure before 1970. At that time, courts were split between granting disclosure of insurance contracts and denying such requests, often on the same lack of relevance basis that some courts today are denying TPLF disclosure requests. The Advisory Committee considered courts’ patchwork of approaches and ultimately decided a rule requiring insurance contract disclosure was necessary under Rule 26 to help all parties make a “realistic appraisal of the case.” The letter argues that the Committee should require TPLF disclosure given that, similar to insurance contracts, TPLF contracts can give non-parties a stake in the litigation as well as control over its resolution.

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*[Lawyers for Civil Justice](#) (LCJ) is an advocacy organization whose members support reform of procedural litigation rules to further “the just, speedy, and inexpensive determination of every action and proceeding.” Through collaborative engagement by in-house and outside counsel, LCJ develops and advocates for reform proposals that improve the efficiency and fairness of the U.S. civil litigation system, including through [its AskAboutTPLF campaign](#), which advocates for a uniform rule requiring the disclosure of TPLF.*

*[A program of the U.S. Chamber of Commerce \(the “Chamber”\)](#), ILR’s mission is to champion a fair legal system that promotes economic growth and opportunity. The Chamber is the world’s largest business federation. It directly represents approximately 300,000 members and indirectly represents the interests of more than 3 million companies and professional organizations of every size, in every industry sector, and from every region of the country.*