

ALERT

Contractors Should Prepare for Looming Prohibition on Contracting with Lobbyists for Chinese Military Companies

May 4, 2026

As discussed in our previous client alert [here](#), effective June 30, 2026, Section 851 of the FY2025 National Defense Authorization Act (NDAA) prohibits the Department of Defense (DoD) from entering into a contract with any company, or its parent or subsidiary, that contracts with an entity that engages in lobbying activities for Chinese military companies identified on DoD's Section 1260H list.

The NDAA requires contractors to make reasonable inquiries to determine if entities that they – or their parents or subsidiaries – do business with engage in lobbying activities for any entity listed on DoD's Section 1260H list, even if the lobbying activity is unrelated to the contractor's operations.

As the prohibition's effective date quickly approaches, guidance is limited. DoD has not issued implementing regulations to incorporate these restrictions into DoD contracts and solicitations; however, a proposed rule for the Defense Federal Acquisition Regulation Supplement is being drafted. As of April 24, 2026, the internal staff draft of the proposed rule was due to the regulators on July 15 – after the NDAA's effective date – and it would require approval by the regulators and the Office of Management and Budget before any rulemaking could be issued. Accordingly, DoD may issue a last-minute class deviation to meet the NDAA's deadline.

In the implementing rules, contractors likely will be required to certify with their proposal submissions that they and their parents and subsidiaries do not contract with any entity that lobbies for a company on the 1260H list. If the regulators opt to expand the

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prohibition beyond new contracts to include existing contracts, contracting officers would need to execute contract modifications to incorporate any due diligence and certification requirements into the terms of those contracts.

An update to the 1260H list is also overdue; it was last updated in January 2025. When DoD revises the list to add new entities it considers to be Chinese military companies, contractors will need to conduct additional due diligence to ensure their continued compliance with Section 851.

Wiley's Government Contracts and Election Law & Government Ethics practices are closely tracking regulatory developments and have extensive experience supporting clients with conducting due diligence for election law and government contracts issues.