

FCC “logic-bearing hardware component” rules take effect

Moving the Covered List regime inside the equipment

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After consumer routers, power inverters and advanced robotics, next up are equipment authorization restrictions relating to “logic-bearing hardware components” and the Federal Communications Commission’s (“FCC” or “Commission”) Covered List. The agency approved the relevant rules in its so-called “dangerous gear” decision in late July of 2026. The provisions relating to such components will take effect on October 13, 2026.

The central change is a further expansion of the FCC’s equipment authorization restrictions from the identity of the producer of the finished device, to the identity of the producer of certain components inside the device.

The operative rule: Close component-part loophole – Beginning on the effective date, the FCC will not grant a new equipment authorization for a finished device that incorporates a logic-bearing hardware component produced by an entity identified on the Covered List if – had the device been produced by the Covered List entity – authorization of the device would be prohibited. This two stage inquiry requires more than just determining if the entity that produced the component is on the Covered List, but also whether the Covered List determination applicable to the producer is one that would have prohibited the producer from obtaining authorization for the particular finished device.

Rule concerns authorization of the finished device – The rule is not focused on restriction of the component itself, but on the finished device seeking FCC authorization because of what it contains. Changing the identity of the applicant for FCC authorization or putting a non-Covered List name on the finished product does not necessarily solve the underlying component problem.

What constitutes a “logic-bearing hardware component?” – The simple answer is many components. The specific definition is “any device, system, module, sub-assembly, integrated circuit, or other physical component that generates and uses timing signals or pulses at a rate in excess of 9,000 pulses (cycles) per second and uses digital techniques; inclusive of telephone equipment that uses digital techniques or any device, system, module, sub-assembly, integrated circuit, or other physical component that generates and uses radio frequency energy for the purpose of performing data processing functions, such as electronic computations, operations, transformations, recording, filing, sorting, storage, retrieval, or transfer.” The Commission’s Office of Engineering and Technology is delegated to respond to questions as to what sort of components meet the definition and provide further clarifications.

What does not? – Non-logic-bearing components would include, e.g.: (i) purely mechanical/structural parts (such as housings, chassis, brackets, fasteners and enclosures); (ii) passive electrical/electronic parts that don’t generate or use digital timing signals (such as simple resistors, capacitors, inductors, wiring/cable and connectors); (iii) basic power-only components that don’t themselves perform digital logic or radio frequency (RF) data processing (such as a plain battery cell, as opposed to a battery management system, which likely contains control logic and would qualify as a logic-bearing hardware component) and (iv) a bare motor with no embedded digital controller (as opposed to a motor controller/driver board, which would likely qualify as a logic-bearing hardware component). The defining character of non-logic bearing components is that they are fixed, do not use digital techniques and are non-programmable.

Component must be “produced by” Covered List entity – The FCC confirmed that “produced by” continues to be evaluated under a totality-of-the-circumstances standard, looking to “substantial responsibility for or control over design, manufacture or assembly.” It should not be assumed that purchasing an item from an intermediary eliminates the need to determine who actually “produced” the component for purposes of the rule.

New rule is prospective – The requirements do not apply to previously authorized equipment, granted before the effective date, that might contain such components. They also do not apply to equipment subject to applications filed with the FCC or a telecommunications certification body, and pending as of October 13, 2026. However if the application is subsequently amended to add, substitute or change a logic-bearing hardware component, then that safe harbor is lost.

Not applicable to production-location-based Covered List entries – The FCC expressly states that the component rule does not apply merely because a component is covered by a production-location-based Covered List entry (like consumer routers produced in a foreign country for example). The component producer must itself be an entity identified on the Covered List under an applicable producer-provider-based determination (e.g., like a Huawei). Per the FCC, this also can include subsidiaries and affiliates.

Not applicable to every “foreign adversary” component – The Commission considered, but did not adopt a broader definitions covering logic bearing hardware components manufactured by any entity owned or controlled by a foreign adversary (e.g., China). The adopted prohibition is tied to entities on the Covered List. However, the Commission specifically reserved the right to act on the “foreign adversary” issue in a future Report and Order in the proceeding.

Not applicable to software or firmware – The rule does not apply to software or firmware components produced by entities on the Covered List.

Not applicable to all components from Covered List entities – The FCC stopped short of imposing a general prohibition on all parts from Covered List entities. At this point, only logic-bearing hardware components are covered.

Other changes that will become effective – Aside from addressing logic-bearing hardware components, the Commission made adjustments to equipment modification exceptions in the case of Covered List entities and changes that would cause the modified device to become Covered List equipment. The FCC also strengthened marketing provisions and expressly confirmed that certain online-marketplace activities constitute “marketing” for purposes of the rules.

What is next? – The FCC decision was accompanied by a further notice of proposed rulemaking, which signals the direction of the agency’s further train of regulatory thought on “component” implications. For example, the FCC has now taken comments on the following, among a list of additional issues related to the Covered List:

- Codification of a definition of “produced by ” for purposes of Covered List and related Commission rules
- Whether software and hardware bills of materials should be required to be submitted with equipment authorization requests
- Whether to prohibit equipment authorization for any device that incorporates any components produced by an entity on the Covered List
- Whether inclusion of software or firmware produced or provided by a Covered List entity raises the same national security concerns
- Application of various importation restrictions to Covered list equipment

The comment period on these questions and other questions in the FNPRM will close on September 28, 2026.

What seems clear that there will be further Covered List related initiatives arising from the further rulemaking. Manufacturers, suppliers and online marketers of devices requiring equipment authorization should watch closely for these next steps, as well as how the FCC applies and interprets the “logic bearing hardware components” rules. The FCC is firmly committed to an increasingly granular approach when it comes to potential national security vulnerabilities in our communications networks.

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