

Federal Trade Commission Attempts to Ban Non-Compete Agreements

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On April 23, 2024, the Federal Trade Commission issued a rule attempting to ban non-compete agreements, nationwide. The rule is set to go into effect in 120 days, however, multiple entities, including the U.S. Chamber of Commerce, have vowed to immediately file suit to block the rule from going into effect. Long story short, it could be years until the litigation plays out and we find out if this rule will be enforced.

In the meantime, please be aware that if this rule ever does go into effect, it provides as follows:

- The rule bans non-compete agreements, except for those already in effect for Senior Executives.
- Senior Executives are defined as those “earning more than \$151,164 annually who are in a policy-making position.”
- The rule will not affect existing legal actions or actions “where a cause of action related to a non-compete clause accrued prior to the effective date.”
- The rule will not apply to a sale of a business.
- The rule does not apply to non-solicitation provisions.

If the courts allow the rule to go into effect, we will provide a further update with a detailed analysis.

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