



HOW TO COMPLY WITH THE FTC BAN ON NON-COMPETE AGREEMENTS

Publications

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As we indicated in an earlier Client Alert on April 24, 2024, the Federal Trade Commission has issued a new rule that will ban non-compete agreements for all employers in the United States, with certain limited exceptions. The new rule remains on track to take effect on September 4, 2024. There have been legal challenges to the non-compete ban, but they have been unsuccessful in securing an order invalidating the non-compete ban for all employers.

If the ban is not enjoined before September 4, employers will be required to send a clear notice to affected workers on or before September 4 that their non-compete covenants will not and cannot be legally enforced.

Employers who violate the rule may face a range of penalties, including fines up to \$10,000 per offense.

We therefore advise you to work with counsel to review existing non-competes with current and former employees and to provide the required notices prior to September 4.

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