

FTC Votes to Approve Ban on Non-Compete Agreements. What now?

You likely know by now about the Federal Trade Commission's ("FTC") April 23, 2024, vote to implement its final rule banning non-compete agreements. The ban is scheduled to take effect 120 days following the publication of the regulations in the Federal Register, which is scheduled for May 7, 2024.

Less than 24 hours after the FTC announced this ban, the U.S. Chamber of Commerce filed a lawsuit to challenge the non-compete ban. The lawsuit raises several challenges from the overall authority of the FTC to make such a rule, on the one hand, to the FTC's attempted retroactive application of the rule to existing non-competes, on the other. Several other legal challenges have been filed across the country.

When (or if) this ban takes effect, it will bring about critical changes in the landscape of employment contracts and the methods employers may utilize to protect their business. Here's a quick Q&A to help you decide next steps.



Jodi R. Bohr
602.255.6082 | jrb@tblaw.com
<https://www.tblaw.com/attorneys/jodi->

What does the FTC Final Rule do?

The final rule effectively prohibits all new non-compete clauses. A non-compete clause is defined as "[a] term or condition of employment that prohibits a worker from, penalizes a worker for, or functions to prevent a worker from" either seeking or accepting work or operating a business after the conclusion of employment. The ban applies more broadly than just contractual terms; it also includes any workplace policies, whether written or oral.