

Business Groups Challenging New FTC Rule Banning Noncompete Agreements

On April 23, the Federal Trade Commission (FTC) [issued a final rule](#) that is a near total ban on employers' use of noncompetition agreements. The rule not only bans the use of such agreements in the future, but also voids almost all existing agreements. Here's what you need to know:

- The rule is scheduled to take effect on or about August 21, 2024.
- It applies to almost all workers, including employees, independent contractors, interns, volunteers, etc.
- It is retroactive, and employers will have to notify employees with noncompetition agreements that they are void and will not be enforced.
- The only exception to the rule is for senior executives in a policy-making position who currently have a noncompetition agreement and earn more than \$151,164 annually.
- Once the rule takes effect, employers cannot enter into **new** noncompetes with senior executives.
- Nonsolicitation and confidentiality agreements are permissible, provided they are not so broad as to be de facto noncompetes.
- The rule's future is uncertain, as the U.S. Chamber of Commerce and other business groups have filed lawsuits attempting to block it, claiming the FTC lacks the constitutional authority to implement it.

On May 1, Thompson Hine will host a webinar to examine these issues. [Click here to register](#).

FOR MORE INFORMATION

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