

January 19, 2023

WEBSTER, CHAMBERLAIN & BEAN, LLP – NONPROFIT ALERT

FEDERAL TRADE COMMISSION PROPOSAL ON BANNING

NON-COMPETE CLAUSES - SUPPLEMENT

In our previous Alert dated January 10th, we updated you on the Federal Trade Commission's Notice of Proposed Rulemaking (NPRM) regarding a sweeping ban on non-compete agreements.

While associations, professional societies and other business leagues likely are subject to the proposed rule, some charitable and education nonprofits may be outside the jurisdiction of the Federal Trade Commission. Even such nonprofits, however, should carefully consider whether state or local law would restrict their ability to enter into enforceable non-compete agreements. Non-compete agreements are under increasing scrutiny, not just at the Federal level.

As a reminder, comments on the FTC's proposed rule must be received by no later than March 20, 2023.

Disclaimer: This article is for informational purposes only, is intended to be a general summary of the law, and does not constitute legal advice, nor does it create an attorney-client relationship with you or any other reader. You should consult with counsel to determine applicable legal requirements in a specific fact situation.