

SEC Continues to Limit Language in Employment-Related Contracts

In orders issued just six days apart last month, the U.S. Securities and Exchange Commission (SEC) rejected language in severance agreements requiring employees to waive rights to receive additional monetary recovery, particularly awards for providing information to government enforcement agencies, reports **Ogletree, Deakins, Nash, Smoak & Stewart**.

“The Commission’s actions underscore its continuing scrutiny of any provisions that *might* impede the flow of information to the government, even where there is no evidence of any such effect. They also drive home that employers must continue to stay abreast of legal developments and modify their policies, practices, and agreements promptly.” write the authors, Margaret H. Campbell and Karen L. Vossler.

The advise employers to review and revise policies, practices, and employment agreements, including confidentiality, severance, separation and similar agreements. “In particular regarding recovery-limiting language, employers should consider carefully whether to use it at all, given that an enforceable waiver cuts off additional recovery from the employer,” they write.

Read the article.