

Sports Law Handout #3: Note on the Rule 5 Draft

Rule 5 of the Professional Baseball Agreement provides for a draft involving players already under contract to a Major League affiliate. (This is in contrast to the Rule 4 Draft for players who have not previously signed a Major or Minor League Contract.) The Rule 5 Draft takes place each year in early December as part of the Baseball Winter Meetings. At the selection meeting, Major League Clubs may claim the contracts of players who are on Minor League Reserve Lists and who are subject to selection as set forth in Rule 5. Teams must file their 40-man rosters by Nov. 20, and only those not at the full allotment of 40 may select players.

There are three separate phases in the Rule 5 Draft: the Major League phase, the Class AAA phase and the Class AA phase. A player selected in one of the three phases must be placed on the Major League Club's Reserve List in the same classification of the phase in which the player was selected. Within each phase, only players from a Reserve List of a lower classification Club are eligible for selection. Major League Clubs select in reverse order of their League standing at the close of the preceding championship season. Keep in mind that the roster size for purposes of the Rule 5 draft is much larger than the actual playing rosters. The Major League reserve roster is 40, while the playing roster is 25. The AAA roster size is 38, and the AA roster size is 37.

All players on the Minor League Reserve Lists of Major League and Minor League Clubs, except players on the Disqualified or Ineligible Lists, shall be subject to selection by other Major League Clubs at the Rule 5 Selection Meeting in accordance with the following:

(A) if 18 years of age or under on the June 5 immediately preceding the player's signing, the player shall be subject to selection at the fourth Rule 5 Selection Meeting that follows the effective season of the player's first Major or Minor League contract. (B) If 19 years of age or over on the June 5 immediately preceding the player's signing, the player shall be subject to selection at the third Rule 5 Selection Meeting that follows the effective season of the player's first Major or Minor League contract.

A player who is re-signed by a releasing Club within one year from the date of the release shall be subject to draft at the Rule 5 Selection Meeting following the date of the latest contract with that Club. A Major or independent Minor League Club may designate any player on one of its Minor League Reserve Lists to be subject to selection who otherwise would not be selectable under this Rule 5.

The consideration for a selection under this Rule 5 shall be as follows:

(1) \$50,000, if the selected player is placed on a Major League Reserve List; (2) \$12,000, if the selected player is placed on a Class AAA Reserve List; (3) \$4,000, if the selected player is placed on a Class AA Reserve List.

A player drafted to a Major League level must remain at that club for the duration of the season unless offered back to the team from which he was selected from. Players drafted to a 3A or 2A club should be offered an opportunity to remain at that level during spring training, but it is not required. Few players who are not talented enough to be placed on one club's 40-man roster have the ability to stay on another club's 25-man roster.