

FTC Further Delays Compliance Deadline for Negative Option Rule

20 May 2025

The Federal Trade Commission (FTC) [has announced](#) an additional 60-day delay in the enforcement of key provisions of its recently finalized [Negative Option Rule](#), which governs subscriptions, autorenewals and other recurring payment arrangements. Companies now have until July 14, 2025, to comply with the rule's requirements related to clear disclosures, express consent and easy cancellation mechanisms. This extension is intended to provide businesses with additional time to adapt their practices to the new regulatory standards.

Summary of Key Requirements

We provided an overview of the Negative Option Rule, also known as the "Click to Cancel" rule, in a [previous client alert](#). But briefly, the rule imposes several important obligations on companies offering products or services with recurring charges:

- **Simple Cancellation Mechanism:** Companies must provide a cancellation process that is at least as easy as the sign-up process. If a consumer signs up online, they must be able to cancel online without being required to interact with a live or virtual representative. For phone sign-ups, cancellation must be promptly honored via phone. In-person sign-ups must be accompanied by either an online or telephonic cancellation option.
- **Affirmative Consent Requirement:** Sellers must obtain express, standalone consent from consumers for the negative option feature. This consent must be separate from other transaction elements, such as through a dedicated click box, button or signature specific to the recurring charge agreement.
- **Clear Disclosures:** Companies are required to clearly and conspicuously disclose all material terms of the negative option offer near the consent mechanism. Disclosures must include:

- that the consumer will be charged unless they act to cancel,
- the deadline or frequency for cancellation to avoid charges,
- the amount and frequency of charges,
- instructions on how to access the simple cancellation mechanism.
- **Recordkeeping:** Businesses must retain records of affirmative consent for at least three years.
- **Ban on Misrepresentations:** The rule prohibits any material misrepresentations in connection with the sale of products or services through negative options. Notably, this provision bars misrepresentations regarding any aspect of the product or transaction, and not just about the negative option itself. This provision took effect January 14, 2025.

Revised Compliance Deadline

The FTC announced in a statement this week that it will begin enforcing the rule on July 14, 2025. Companies should use this additional time to review and update their subscription, autorenewal and cancellation processes to ensure full compliance with the Negative Option Rule. Violations of the rule could result in enforcement actions, consumer redress and significant civil penalties. Companies also should note that plaintiffs have sued to enjoin the rule's enforcement. That litigation is pending in the U.S. Court of Appeals for the Eighth Circuit, where briefing on the merits has concluded but no decision has been issued.

Authors

Richard H. Cunningham, P.C.

Partner / Washington, D.C.

Olivia Adendorff, P.C.

Partner / Dallas / Washington, D.C.

Christopher B. Leach

Partner / Washington, D.C.

Lucie H. Duvall

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