New York City's Click-to-Cancel Rule: What Businesses Need to Know

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Executive Summary

- **What's new:** New York City adopted the nation's first municipal click-to-cancel rule on July 10, 2026, imposing disclosure, cancellation and notice requirements on subscription-based businesses serving NYC consumers, effective October 1, 2026.
- **Why it matters:** Despite the FTC's federal rule having been vacated, approximately 30 states have adopted their own variants. Thus, companies face a growing patchwork of subscription-cancellation obligations — and NYC's rule adds another set of obligations for businesses operating here.
- **What to do next:** Covered businesses should consider auditing sign-up disclosures, cancellation pathways and renewal notice windows against NYC's specific requirements and update practices as needed to ensure compliance before the October 1, 2026, deadline.

On July 10, 2026, the New York City Department of Consumer and Worker Protection (DCWP) announced the adoption of the Click-to-Cancel Rule (the Rule) — the first municipal rule of its kind in the U.S. The Rule takes effect on October 1, 2026, and applies broadly to automatic-renewal and continuous-service subscriptions for goods and services offered to NYC consumers. Noncompliant practices will be treated as deceptive trade practices under the NYC Consumer Protection Law. Additional information is available on the NYC government website.

Federal Backdrop: The FTC's Click-to-Cancel Effort

In October 2024, the Federal Trade Commission finalized its Negative Option/Click-to-Cancel Rule, which would have required pre-billing disclosures of material terms, separate affirmative consent to recurring charges, and a cancellation mechanism at least as simple as enrollment. However, the Eighth Circuit vacated the rule in July 2025 on procedural grounds.

On March 11, 2026, the FTC issued an Advance Notice of Proposed Rulemaking to address unfair negative-option or click-to-cancel practices. The FTC has not announced a replacement rule or timetable, though it may still bring individual enforcement actions against unfair or deceptive subscription practices.

Growing Patchwork of State Laws

Approximately 30 states now have some form of automatic-renewal or click-to-cancel legislation mirroring or adapting the FTC's requirements. In 2026 alone, states including Colorado, Connecticut, Maine, Maryland and Virginia have seen new or amended laws take effect. This trend underscores the importance of monitoring multiple jurisdictions and conforming practices to the most protective requirements applicable to a business' consumer base. For example, required notice windows vary from state to state — notice must be sent 15 to 45 days before the cancellation deadline in New York and 30 to 60 days before the cancellation deadline in Florida (*see* Fla. Stat. § 501.165).

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Details of NYC's Click-to-Cancel Rule

Core requirements. First, before requesting consent or billing information, businesses must clearly and conspicuously disclose material terms. These terms include the amount and frequency of charges, cancellation deadline for stopping further charges, and available cancellation methods. For free trials or temporary pricing, businesses must also explain how and when the price will change. Another requirement is that cancellation must be as simple as enrollment and available through the same avenues as enrollment. For in-person enrollments, the business must also provide an online mechanism (*e.g.*, a website or email). Finally, businesses may not obstruct cancellation — they may not obscure cancellation instructions, impose unreasonable conditions, hang up on consumers, fail to acknowledge cancellation requests or unreasonably delay processing.

Notice windows. The Rule prescribes advance-notice windows.

- Subscription renewals (with an initial paid term of at least one year that renews for at least six months): 15 to 45 days before the cancellation deadline.
- Material changes (*e.g.*, price increases): Five to 30 days before the change takes effect.
- Upcoming charges following a free gift or trial lasting more than one month: Three to 21 days before the cancellation deadline for the first chargeable period.

Enforcement and penalties. DCWP may seek restitution of amounts charged after the consumer's first cancellation attempt. Civil penalties escalate from $525 for a first violation to $3,500 for third or subsequent violations. Each deceptive statement, description or omission may constitute a separate violation, potentially creating significant aggregate exposure for businesses with large consumer bases.

Exemptions. Certain categories of businesses are exempt, including banks, credit unions, entities regulated by the New York Department of Financial Services, New York-licensed security alarm operators and sellers of service contracts under New York Insurance Law. Businesses should confirm whether an exemption applies to their operations.

Relationship to New York state law. This new rule is broadly consistent with New York's amended Automatic Renewal Law (GBL § 527-a) but differs in notable respects. For subscriptions entered into in person, the New York state law allows cancellation by telephone *or* online; the NYC rule requires an online cancellation option, such as a website or email. The NYC rule also provides more detailed guidance on what constitutes "unreasonable" barriers to cancellation and establishes a separate municipal enforcement and penalty regime with per-violation fines of $525 to $3,500. Compliance with the New York state law alone should not be considered sufficient.

Practical Compliance Steps Before October 1, 2026

Companies offering subscriptions or automatic renewals to NYC consumers should consider taking the following steps before the rule's effective date:

- Audit sign-up disclosures and consent records to confirm all material terms are clearly and conspicuously presented before billing information is requested.
- Map every enrollment medium to an equally easy cancellation medium.
- Add an online cancellation route (website or email) for any in-person enrollments.
- Review and remove any obstructions or delays to cancellation.
- Configure renewal-notice windows and material-change notices to comply with the NYC rule's specific timing requirements.
- Preserve records of cancellation attempts and ensure prompt acknowledgment of each cancellation request.
- Include a provision in agreements stating that a particular state's laws will govern terms, even for out-of-state purchasers, in an attempt to avoid the patchwork of state laws — but this is not a cure-all, and state consumer protection laws often apply to that state's residents (even if an agreement's terms call for the application of another state's laws).
- Monitor ongoing FTC rulemaking and state-level developments, particularly in jurisdictions where your consumers are located.