



Key Takeaways:

- On October 4, 2021, California passed an amended automatic renewal law that will require businesses to follow stricter cancellation and notice requirements for subscription-based products and services.
- The updated law goes into effect on July 1, 2022.

On October 4, 2021, California Governor Gavin Newsom [signed into law](#) an amendment to California's existing automatic renewal law, which is already one of the nation's strictest laws governing recurring subscription programs. The existing law (last updated in 2018) requires businesses to: (1) clearly and conspicuously disclose certain automatic renewal offer terms; (2) obtain consumers' affirmative consent to the automatic renewal terms; (3) provide an acknowledgment after purchase that includes the automatic renewal terms and cancellation policy

in a manner that can be retained by the consumer; (4) provide consumers with a readily accessible mechanism for canceling an automatic renewal contract; and (5) notify consumers about any material changes to the automatic renewal terms. The revised law requires businesses to comply with the following additional requirements:

- **Free trial/promotional price offers.** Businesses will be required to send an additional notice explaining how to cancel 3-21 days before the expiration of a free trial or promotional price that lasts more than 31 days. If sent electronically, the notice must include a link that directs the consumer to the cancellation process or another reasonably-accessible electronic cancellation method.
- **Online cancellation.** The existing law requires that businesses provide an online cancellation method for users who sign up for a subscription online. Under the amended law, users who sign up online must be able to cancel their subscription immediately and at will by either a direct link or button on the website or a preformatted email that the consumer can send without adding additional information.
- **Notice for initial terms one year or longer.** Businesses will be required to send a reminder notice to subscribers 15-45 days before renewal of a subscription with an initial term of one year or longer.

Stay tuned for more automatic renewal updates based on the Federal Trade Commission's recent Enforcement Policy Statement on automatic renewals.

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