

AAA Issues New Rules Broadening the Powers of Arbitrators and Scope of Arbitration

Judy Juang, Zach Cihlar

May 29, 2025

The American Arbitration Association (AAA) [announced](#) new rules that went into effect May 1, 2025. The new rules revise both their consumer arbitration and employment arbitration sets. The purpose of the rule change was to maintain “fairness, efficiency, and transparency in [the] arbitration process,” while clarifying the roles of the main actors in the arbitration process. Overall, the revisions enhance arbitrator authority in an effort to streamline the process, and expand the applicability of the rules to encompass a greater breadth of work-related disputes. Below are some of the highlights of the rule revisions:

Expanded Scope

The AAA re-titled the ‘Employment Arbitration Rules’ to ‘[Employment/Workplace Arbitration Rules](#)’ to reflect their expanded scope. Prior to the changes, there was some dispute as to whether independent contractors were covered, leaving open an interpretation that such disputes may continue in the courts. Now, the language explicitly provides that the AAA rules apply to all workplace and work-related disputes, including those involving independent contractors.

Greater Overall Efficiency

Seeking greater efficiency in the arbitration process, the revisions grant the arbitrator new powers to manage the exchange of information in the case. These powers include, but are not limited to: (1) issuing subpoenas, (2) ordering depositions, (3) modifying or clarifying awards *sua sponte*, (4) imposing sanctions for party misconduct upon a party’s request, and (5) resolving disputes over confidentiality. The language of the revisions directs arbitrators to manage information sharing with the goal of achieving efficient and economic resolutions of the dispute, while keeping an eye towards equality of treatment and fairness. In a similar effort to infuse greater efficiency into the process, arbitrators are now required by the rules to consider “time and cost associated with the briefing of a dispositive motion” when deciding to allow such motions in the case.

In one revision that was perhaps not made for the purpose of efficiency, the new rules also grant the arbitrator the power to decline or cease administration of a case if the required fees are not paid. It is unclear whether this will allow a plaintiff to proceed the action in a court—under the California Rules of Civil Procedure, an employee may withdraw the claims from arbitration and proceed in the court if the fees are not paid within 30 days after the due date. Therefore, companies seeking to remain in arbitration should be cognizant of timely paying fees in order to avoid risking the transfer of their case to the courts.

Changes to Case Administration and Procedure

The AAA may now, at its discretion, consolidate claims filed by the same party arising out of the same contract into a single case, or order multiple claims to be arbitrated in individual cases. Once an arbitrator is appointed, the AAA's discretion with respect to claim consolidation is subject to the final ruling of the arbitrator.

As a result of the pandemic's shift to online hearing formats, the revised rules provide that virtual hearings are now the default venue for AAA cases. However, parties may still stipulate a preferred hearing format between themselves, and the arbitrator retains the authority to decide any disputes regarding the format as well. The AAA also considered a rule that for an in-person hearing to take place, the arbitrator must make a determination that the in-person format was "necessary" for a fundamentally fair process. The rule was ultimately scrapped in favor of the more discretionary rule.

Finally, the automatic stay period was extended from 60 days to 90 days when a party seeks court intervention at the commencement of arbitration. The AAA may extend that period either at its own discretion or at the request of a party for "good cause shown." The extension of the time period allows the court to issue an order regarding threshold issues in the case before the arbitration proceeds. The rule requires a party to seek judicial intervention with respect to pending arbitration within 30 days of the commencement of the administration of the case.

Employers who are interested in entering arbitration agreements with their employees should carefully consider these rule changes before deciding whether to require the parties to arbitrate with AAA or another arbitration tribunal.

If you have any questions on best practices relating to employment arbitration, please contact a member of Kelley Drye's Labor and Employment team.