Legal 500
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Brazil

Mergers & Acquisitions

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Brazil: Mergers & Acquisitions

1. What are the key rules/laws relevant to M&A and who are the key regulatory authorities?

The Brazilian legal system follows the civil law tradition and is therefore based on codified statutes governing the various areas of law. In the field of company law, the main rules are set out in the following statutes and regulations:

- **Brazilian Civil Code:** sets out specific guidelines regarding various types of business organizations, including limited liability companies and non-profit legal entities (associations, foundations, and cooperatives).
- **Corporations' Law:** applies specifically to legal entities incorporated in the form of stock corporations. It may also apply on a subsidiary basis to limited liability companies, if the quotaholders so provide in the articles of association.
- **Brazilian Antitrust Law:** sets forth the rules and principles governing the antitrust system in Brazil. Responsibility for enforcing the Brazilian Antitrust Law rests with the Administrative Council for Economic Defense (CADE), a governmental agency in charge of analyzing mergers and anticompetitive/monopolistic behavior.
- **Specific Regulations**

a) Rules Enacted by Brazilian Securities and Exchange Commission ("CVM"): Publicly-held corporations are also subject to specific regulations issued by CVM.

b) Rules Enacted by the Brazilian Stock Exchange ("B3"): B3 has created differentiated listing segments with corporate governance and transparency requirements that go beyond those established under Brazilian corporate law. Adherence to these segments signals the company's commitment to improved investor relations and may enhance the value of its securities. Adherence is voluntary and subject to B3's approval.

2. What is the current state of the market?

The Brazilian M&A market ended 2025 on solid footing, with aggregate deal value rising and transaction volumes recovering. According to TTR Data's Annual Report 2025, the market recorded 1,877 transactions – a 7.6% year-on-year increase-while aggregate value climbed 15.8% to approximately BRL 313.5 billion. Cross-border activity remained a defining feature throughout the year, with US-based acquirers continuing to lead inbound investment.

Looking ahead, the Brazilian M&A market is expected to maintain its recovery trajectory into 2026, though deal volumes may moderate in keeping with the typical slowdown observed during election cycles. That said, underlying market fundamentals remain supportive: well-capitalised strategic buyers and financial sponsors continue to pursue selective opportunities. Against this backdrop, transactions are likely to be more carefully structured, with heightened attention to regulatory risk management and execution certainty.

3. Which market sectors have been particularly active recently?

Technology and real estate emerged as the most active sectors in Brazil's M&A market in 2025, according to TTR Data. In the technology space, deal activity remained robust across internet platforms, software and IT services, driven largely by continued digitalisation across industries. Real estate likewise sustained momentum, particularly through asset-level transactions, portfolio restructurings and structured investment vehicles.

Energy and infrastructure continued to attract significant deal flow, with particular emphasis on renewables and the oil and gas sector. These industries have long benefited from Brazil's scale, structural demand profile and well-established regulatory frameworks-factors that provide the predictability necessary to support private investment and accommodate complex transaction structures.

4. What do you believe will be the three most significant factors influencing M&A activity over the next 2 years?

Portfolio optimisation and deal structures: Portfolio optimisation is expected to remain a key driver of M&A activity. We continue to observe a steady pipeline of carve-outs, asset acquisitions and bolt-on transactions, particularly in technology and infrastructure-adjacent

sectors, where businesses can be efficiently separated, integrated or scaled.

Long-term asset deployment: Investments in energy, real estate and other asset-backed platforms continue to attract strategic and institutional capital, underpinned by long-term contracts, concessions or regulated revenue streams. Even in a higher interest rate environment, these attributes offer cash-flow visibility and facilitate structured financing arrangements.

Valuation alignment and pricing mechanisms: Bridging valuation gaps is expected to remain a central theme in deal negotiations. Buyers and sellers are increasingly turning to mechanisms such as earn-outs, deferred consideration and minority stake investments to reconcile differing expectations. These structures demand clear performance metrics, robust governance arrangements and well-defined post-closing obligations-underscoring the importance of careful legal structuring and precise documentation.

5. What are the key means of effecting the acquisition of a publicly traded company?

The acquisition of a publicly traded company may be effected as follows:

Oferta Pública de Aquisição por Alienação de Controle: Acquisition of control through a private transaction that triggers a mandatory tender offer because of the transfer of control of a Brazilian publicly held company. In such cases, the acquirer must launch a tender offer to the remaining holders of free float voting shares at a price equal to at least 80% of the price paid to the former controlling shareholder. Depending on the B3 listing segment and the company's bylaws, the tender offer may also have to be extended to holders of non-voting shares, and the price offered to the free float may reach 100% of the price paid per voting share forming part of the controlling stake. Alternatively, the acquirer may grant minority shareholders the option to remain in the company, provided they are paid the difference between the market price of the shares and the price paid per voting share comprising the controlling block.

Oferta Pública de Aquisição para Aquisição de Controle de Companhia Aberta: Voluntary public takeover offer for the acquisition of the share control of a Brazilian listed company, to be launched by the potential buyer aiming to acquire free float shares in the market in a sufficient number to acquire share control.

Oferta Pública de Aquisição Voluntária: Voluntary public offer for the acquisition of shares of a Brazilian listed company, to be launched by the potential buyer aiming to acquire free float shares in the market.

Oferta Pública de Aquisição por Aumento de Participação: Takeover mandatory offer due to the increase in the controlling shareholder's interest in a Brazilian listed company. Such mandatory offer applies in case the acquisition results in a reduction of free float shares of the same class and type to a level below 15%.

Oferta Pública de Aquisição para Cancelamento de Registro: Mandatory public offer for the acquisition of the totality of the Brazilian listed company's shares, to be launched by the controlling shareholder or the company aiming to cancel the company's registry as a listed company.

Oferta Pública de Aquisição Concorrente: Voluntary public offer for shares already subject to a prior tender offer filed with the CVM, to be launched by a third party other than the original offeror or its affiliates, at a price at least 5% higher than that offered in the initial tender offer.

6. What information relating to a target company is publicly available and to what extent is a target company obliged to disclose diligence related information to a potential acquirer?

Under Brazilian law there is no obligation to perform a due diligence, nor to disclose diligence related information to a potential acquiror. However, basic information on all companies is typically available online, for example in the relevant Board of Trade website. For publicly traded companies, a large amount of information is made available on the company's website and/or the CVM website, including audited financial statements, quarterly accounting information, Reference Form, releases on relevant facts and corporate acts in general.

7. To what level of detail is due diligence customarily undertaken?

It is market practice to share as much information as may be deemed relevant, but the scope will remain determined by seller and target, and the level of detail will depend on the negotiations between the parties, as well as the deal type and size.

8. What are the key decision-making bodies within a target company and what approval rights

do shareholders have?

Although the Brazilian Law sets forth other types of companies, companies usually adopt the form of a limited liability company (Sociedade Limitada) or of a corporation (Sociedade Anônima).

A Sociedade Anônima is managed by its officers, who are responsible for the day-to-day operations, and, in certain cases, by a board of directors, which is responsible for major business decisions and the overall supervision of the company's affairs. If the Sociedade Anônima is publicly held and offers its securities to the public, the appointment of a board of directors is mandatory.

A Sociedade Limitada is managed by its officers, who, as in corporations, are responsible for the company's day-to-day operations. The appointment of the board of directors is optional. Sociedade Limitadas may not publicly trade their quotas or list them on a stock exchange.

In any event: (i) the management structure, including the powers and responsibilities of each management body, is defined in the bylaws or articles of association; (ii) directors are elected by the shareholders, and officers are appointed by the board of directors or, if none, by the shareholders' meeting; and (iii) the constitutional documents (and/or a shareholders' agreement) may establish additional technical or advisory bodies.

The law reserves certain matters to the exclusive competence of the shareholders, including: (i) amendments to the bylaws or articles of association; (ii) suspension of shareholder rights; (iii) valuation of assets contributed to the share capital; (iv) approval of transformation, merger, incorporation, spin-off, dissolution and liquidation, as well as the appointment and removal of liquidators and approval of their accounts; and (v) in publicly held companies, approval of related-party transactions and the sale or contribution of assets representing more than 50% of the company's total assets, based on the latest approved balance sheet. The bylaws and/or a shareholders' agreement may also impose additional limitations on the powers of directors and officers.

9. What are the duties of the directors and controlling shareholders of a target company?

The company's managers must (i) exercise the powers conferred upon them by law and by the bylaws or articles of association in order to achieve the company's purposes and in the company's best interests, subject to the requirements of the public good and the social function of the enterprise; and (ii) perform their duties with the care and diligence that an active and honest person customarily exercises in the management of his or her own affairs.

Managers are not liable for obligations assumed on behalf of the company, unless they exceed their powers or violate the law, their fiduciary duties or the bylaws/articles of association.

The controlling shareholder must: (i) exercise its control to ensure that the company achieves its corporate purpose and fulfills its social function; and (ii) observe duties and responsibilities toward the other shareholders, the company's employees and the community in which it operates.

Accordingly, the controlling shareholder is liable for damages resulting from abuse of control power. Such abuse may include, for example: (i) directing the company to engage in activities unrelated to or outside its corporate purpose; (ii) promoting corporate acts or restructurings intended to harm minority shareholders, management members or employees; (iii) deliberately electing an unsuitable person to management; or (iv) inducing management to perform unlawful acts or to approve irregular financial statements for the controlling shareholder's personal benefit.

10. Do employees/other stakeholders have any specific approval, consultation or other rights?

In principle there is no right, except if the by-laws or shareholders' agreement provide for specific transfer arrangements (preemption rights, right of first offer, right of first refusal, drag long, tag along, among others).

11. To what degree is conditionality an accepted market feature on acquisitions?

It is common to establish certain conditions precedent to the closing of the transaction, such as clearance by merger control authorities, shareholders' approval of the transaction, third parties' consent, reorganization of the target's business vis-à-vis the transaction perimeter, non-occurrence of material adverse change, among others.

12. What steps can an acquirer of a target company take to secure deal exclusivity?

The negotiation of an exclusivity period ensuring that the

seller and the target will not engage in negotiations with third parties, subject to break-up fees in the event of a breach.

13. What other deal protection and costs coverage mechanisms are most frequently used by acquirers?

The execution of a binding term sheet between the parties, providing not only an exclusivity period (see Question #12), but also limited conditions precedent to signing of the definitive agreements, standard representations and warranties, and break-up fees to cover costs in case the deal falls through.

14. Which forms of consideration are most commonly used?

Cash remains the most common form of consideration in transactions. However, payment may also be made through credits and/or other assets capable of monetary valuation, such as securities. In addition, as noted in Question #4 above, we have recently observed increased use of pricing structures involving earn-outs, deferred consideration and minority investments.

15. At what ownership levels by an acquirer is public disclosure required (whether acquiring a target company as a whole or a minority stake)?

All entities and their shareholders must disclose their ownership chain up to their Ultimate Beneficial Owner ("UBO"), defined as the natural person who ultimately controls or exercises significant influence over the entity. Failure to comply with this requirement may result in sanctions, including penalties, suspension of the entity's CNPJ registration and restrictions on conducting transactions with financial institutions.

Consequently, any change in the UBO of a target company following the closing of an M&A transaction requires an update of the target company's UBO declaration.

In addition, the holding of significant stakes in a publicly traded company is also subject to public disclosure, according to CVM rules.

16. At what stage of negotiation is public disclosure required or customary?

No public disclosure of the negotiations or the transaction is required where neither party is publicly traded. In such cases, disclosure depends on the parties' discretion, although it is generally market practice to announce the transaction upon signing or closing.

17. Is there any maximum time period for negotiations or due diligence?

There is no maximum period for negotiations or due diligence under Brazilian law.

18. Is there any maximum time period between announcement of a transaction and completion of a transaction?

There is generally no maximum period between the announcement of a transaction and its completion. However, certain regulatory approvals may establish deadlines for the completion of the proposed transaction.

19. Are there any circumstances where a minimum price may be set for the shares in a target company?

In private transactions, there is generally no minimum price requirement, unless the bylaws or a shareholders' agreement provide for specific transfer rules.

However, where the transaction involves a publicly held company, a minimum price may apply in certain cases, such as a mandatory tender offer triggered by a sale of control to ensure minority shareholders' tag-along rights. In such cases, the minimum price ranges from 80% to 100% of the price paid for the controlling stake, depending on the requirements of the applicable B3 listing segment.

20. Is it possible for target companies to provide financial assistance?

Financial assistance (which, under Brazilian law, encompasses loans, guarantees, the granting of security or the assumption or reduction of liabilities) is not specifically regulated. However, depending on the legal nature of the company and the relationship between the grantor and the beneficiary, certain restrictions may apply.

For instance, where financial assistance involves a party located outside Brazil, applicable foreign exchange

regulations must be observed. In addition, the granting of financial assistance must comply with the company's bylaws or articles of association, which may require specific corporate approvals, and with applicable law, including conflict of interest rules.

Accordingly, a case-by-case assessment is advisable to determine whether any statutory, regulatory or corporate restrictions apply in a given situation.

21. Which governing law is customarily used on acquisitions?

Brazilian law is customarily used on acquisitions of Brazilian companies.

22. What public-facing documentation must a buyer produce in connection with the acquisition of a listed company?

For the acquisition of a listed company in Brazil, the buyer must formalize the public offering through a purchase offer document, which must be published in a widely circulated newspaper in the locality where the company's head office is located.

The purchase offer document must contain specific information regarding both the target company and the offeror, as required by the applicable regulations.

In addition to the purchase offer document, and depending on the structure of the acquisition, further public disclosures may be required, such as: (i) a valuation report of the listed company, where the tender offer is launched by the company itself, its controlling shareholder, a director or an affiliate thereof (except in the case of an Oferta Pública de Aquisição por Alienação de Controle); and (ii) a statement by the offeror explaining the reasons for offering different prices for different classes or types of shares.

In the event of the acquisition of the share control through a private transaction conditioned to a takeover mandatory offer, the buyer is required to publish a Material Fact (Fato Relevante) informing the market regarding the transaction. This communication must contain the information required under the applicable regulation and must be published (a) in widely circulated newspapers customarily used by the company or, alternatively, on at least one news portal with free access to the full content of the information; (b) on CVM's website; and (c) on the company's investor relations website.

23. What formalities are required in order to document a transfer of shares, including any local transfer taxes or duties?

In a limited liability company (Sociedade Limitada), ownership of quotas is reflected in the articles of association. Consequently, any transfer of quotas requires an amendment to the articles of association, which must be registered with the relevant Board of Trade.

In a corporation (Sociedade Anônima), ownership of shares is recorded in the corporate books. However, the bylaws may provide that all shares, or certain classes of shares, are held in deposit accounts with a designated financial institution. In such cases, ownership is evidenced by the registration of the shares in the deposit account opened in the shareholder's name in the records of the depository institution.

The transfer of shares in a corporation must be recorded in the company's corporate books (i.e., the share registry and share transfer books) or, where applicable, in the records of the designated depository institution, without prejudice to any additional requirements set forth in specific CVM regulations applicable to publicly held corporations.

Brazilian tax legislation does not impose transfer taxes on the sale of shares or quotas. However, the seller may be subject to capital gains tax on the positive difference between the tax basis of the shares and the sale price realised in the transaction.

24. Are hostile acquisitions a common feature?

Hostile takeovers remain relatively rare in Brazil, largely because most publicly held companies have a single controlling shareholder or a controlling group. However, with the recent increase in companies featuring dispersed ownership or minority control, hostile takeover bids are expected to become more frequent in the coming years.

25. What protections do directors of a target company have against a hostile approach?

The defensive measures available to a board of directors to hinder or prevent a hostile takeover in Brazil are limited, as the ultimate decision to accept or reject a takeover offer rests with the shareholders.

Under Brazilian corporate law, directors may generally be removed at any time by the shareholders. In addition,

staggered boards, which is a mechanism commonly used in other jurisdictions to extend directors' terms and enhance takeover defenses, are not typically permitted. As a result, the board's ability to block or significantly delay a hostile bid is comparatively restricted.

A common defense strategy against a takeover bid is to include provisions in the company's bylaws aimed at discouraging a bidder from exceeding a certain shareholding threshold. These provisions may require any shareholder owning a certain percentage of voting shares (typically between 10% and 35%) to make a public offer to acquire the remaining shares at a specified price, usually determined as the higher value resulting from different valuation methods, such as market value and discounted cash flow. This type of protection is commonly referred to as a poison pill.

Shareholders' voting rights may also be restricted by the company's bylaws or by shareholders' agreements, which may require shareholders to consult and vote in accordance with pre-agreed terms. This mechanism prevents any single shareholder, even one with a significant stake, from controlling the outcome of shareholders' meetings.

26. Are there circumstances where a buyer may have to make a mandatory or compulsory offer for a target company?

In Brazil, a mandatory tender offer may be triggered in the event of (i) a change of control, upon the direct or indirect acquisition of control of a publicly held corporation; (ii) acquisition of shares by the controlling shareholder; and (iii) delisting of a company from the stock exchange or its conversion into a private company upon cancellation of its registration with the CVM.

In such cases, the tender offer is intended to safeguard minority shareholders' rights, and the applicable procedures and requirements are governed by the Brazilian Corporations Law and the regulations issued by CVM and B3.

27. If an acquirer does not obtain full control of a target company, what rights do minority shareholders enjoy?

Minority shareholders have the same rights as other shareholders, including voting and economic rights, pre-emptive subscription rights (pro rata to their equity interest) and withdrawal rights in certain corporate transactions (e.g., merger, consolidation, spin-off or liquidation), subject to any specific provisions in the bylaws or shareholders' agreement.

In publicly held companies, the Brazilian Corporations Law also grants tag-along rights in the event of a direct or indirect sale of control.

28. Is a mechanism available to compulsorily acquire minority stakes?

Under the Brazilian Corporations Law, minority shareholders may be squeezed out in the following circumstances:

- **Non-payment of capital contributions:** subject to applicable procedures, a shareholder who fails to pay the subscribed capital may be excluded.
- **Following a delisting tender offer:** if, after completion of the offer, less than 5% of the company's outstanding shares remain in free float, the remaining shares may be redeemed at the same price paid in the offer.
- **Redemption of shares:** shares of one or more classes may be redeemed with the approval of a majority of the holders of the relevant class. If fewer than all shares of the class are redeemed, the redemption must be carried out by sortition (random selection).

Additionally, under the Brazilian Civil Code, the quotaholders of a limited liability company (Sociedade Limitada) may exclude one or more quotaholders if the majority determines that they are jeopardising the company's continuity through acts of undeniable seriousness. Such exclusion must be expressly authorised in the articles of association and implemented through an amendment thereto.

Moreover, if drag-along rights are provided in the company's shareholders' agreement, they allow a selling shareholder to compel the other shareholders bound thereby to participate in the sale of the company.

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