# Legal 500
# Country Comparative Guides 2026

## Brazil
## Venture Capital

## Contributor

Veirano Advogados


**Guilherme Ohanian Monteiro**

Partner | guilherme.monteiro@veirano.com.br

**Daniel Augusto Malatesta**

Partner | daniel.malatesta@veirano.com.br


This country-specific Q&A provides an overview of venture capital laws and regulations applicable in Brazil.

For a full list of jurisdictional Q&As visit **legal500.com/guides**

# Brazil: Venture Capital

## 1. Are there specific legal requirements or preferences regarding the choice of entity and/or equity structure for early-stage businesses that are seeking venture capital funding in the jurisdiction?

Early-stage companies in Brazil typically choose to incorporate as a Sociedade Limitada ("Limitadas") due to its simplicity, lower costs, and lighter legal requirements. However, as the business grows, particularly at the time of an equity financing round, founders often convert the Limitada into a Sociedade Anônima ("S.A.").

This conversion is primarily driven by the greater structural flexibility offered by an S.A., including the ability to: (a) issue multiple classes of shares with different voting and economic rights; and (b) set different issuance price per share for different investors, enabling cap table balancing to reflect the varied economics of founders, employees, and investors.

In contrast, Limitadas have limitations on the issuance of multiple share classes and require that all quotas have unit values (nominal values), making it difficult to accommodate the tailored rights and pricing typical in venture capital deals.

Moreover, the S.A. framework offers a more robust and time-tested system for governing shareholder rights and corporate responsibilities, which is often a key requirement for attracting institutional or professional investors.

## 2. What are the principal legal documents for a venture capital equity investment in the jurisdiction and are any of them publicly filed or otherwise available to the public?

The principal legal documents for a venture capital equity investment in Brazil will vary depending on the structure of the financing round, specifically whether the investment is made through convertible rights or as an equity round.

In a financing round involving convertible rights, the appropriate instrument in Brazil is typically a convertible loan agreement, as local laws impose limitations that effectively prevent the use of instruments like the SAFE (Simple Agreement for Future Equity), which are contractual agreements commonly used in jurisdictions such as the U.S. and under which an investor provides capital in exchange for the right to receive equity in a future priced round.

Given these legal constraints, Brazilian companies instead issue convertible loans, notes, or debentures. These instruments may be structured to function similarly to a SAFE, incorporating conversion mechanics based on valuation caps and/or discounts to approximate the economic outcomes of SAFEs, while maintaining a form that is permissible under local law.

Despite being structured as convertible loans, parties sometimes negotiate that these instruments are not repaid in cash at maturity or in the event that investors elect not to convert. Instead, the parties typically include mechanisms to reflect the non-repayment so that the instrument remains aligned with the economic intent of a future equity investment. Cash repayment is usually limited to specific events of default that trigger acceleration, rather than being a general right upon maturity.

In the context of an equity financing round, the key legal documents typically include a Term Sheet (non-binding), a Shareholders' Agreement (covering governance, voting rights, transfer restrictions, and exit strategies), a Subscription or Investment Agreement (defining the terms of the investment, such as the number and class of shares being subscribed, the purchase price, and closing conditions), and updated corporate bylaws (for S.A.s) or articles of association (for Limitadas).

Among these, the bylaws or articles of association must be filed with the competent Board of Trade (Junta Comercial) and are publicly accessible, while

## 3. Is there a venture capital industry body in the jurisdiction and, if so, does it provide template investment documents? If so, how common is it to deviate from such templates and does this evolve as companies move from seed to larger rounds?

There is no single governmental authority specifically dedicated to regulating venture capital in Brazil. However,

 © 2026 Legalease Ltd

the Associação Brasileira de Private Equity e Venture Capital (ABVCAP) is the non-governmental body that plays the most significant role in bringing together industry participants and serves as a forum for discussion, advocacy, and the overall development of the venture capital and private equity ecosystem. ABVCAP is a private, non-profit civil association (associação civil sem fins lucrativos) and does not have regulatory authority.

While ABVCAP promotes best practices and policy engagement, it does not offer standardized investment templates. In practice, legal advisors typically prepare bespoke investment documents, although they may be inspired by international precedents such as the NVCA model documents or SAFE templates used in the U.S.

In Brazil, some private market participants have attempted to promote standardized versions of convertible notes that replicate the economic characteristics of a SAFE (such as conversion discounts or valuation caps) but still qualify as convertible debt instruments to comply with local legal requirements. However, these efforts have not yet resulted in widely adopted or market-standard templates, and customization remains the norm.

## 4. Are there any general merger control, anti-trust/competition and/or foreign direct investment regimes applicable to venture capital investments in the jurisdiction?

Yes, venture capital investments in Brazil can be subject to merger control and antitrust regulations under the Brazilian Antitrust Law (Law No. 12,529/2011). The Administrative Council for Economic Defense (CADE) is responsible for overseeing merger control and competition issues. Early-stage VC investments typically fall below the filing thresholds, but larger deals might require CADE approval.

In general, foreign direct investment is permitted and there is no specific foreign direct investment (FDI) agency overseeing foreign direct investments in Brazil. However, foreign investments that meet certain amounts thresholds must be registered with the Central Bank of Brazil (BACEN), ensuring compliance with foreign exchange and foreign direct investment regulations.

Investment in certain sectors that are considered strategic to national interests may be subject to legal and regulatory restrictions, as well as scrutiny by public agencies. This includes sectors such as media and defense, among others. Additionally, the acquisition of rural land by foreign investors in Brazil, or the acquisition of interests in companies owning or leasing rural land, is subject to specific restrictions. However, these concerns are generally not relevant in the context of venture capital transactions.

Companies and investors should seek specialized legal counsel familiar with both merger control and foreign direct investment regulations to ensure full compliance prior to undertaking any financing transactions.

## 5. What is the process, and internal approvals needed, for a company issuing shares to investors in the jurisdiction and are there any related taxes or notary (or other fees) payable?

A share issuance in Brazil typically requires shareholder approval. For S.A.s, this generally involves an extraordinary shareholders' meeting to approve: (i) the new issuance of shares, and (ii) any necessary updates to the company's bylaws. Under Brazilian corporate law, shareholders have preemptive rights to subscribe to new shares, although they may choose to waive this right.

Shares must be registered in a share register book (livro de registro de ações), which serves as the official record that legally attests to the ownership of shares. This book is essential for maintaining a record of shareholders.

In Brazil, the issuance of quotas in Limitadas follows a different process from that of shares in S.A.s. In a Limitada, the company's capital is divided into quotas rather than shares, and these are not typically recorded in a share register book. Instead, they are documented in the company's Articles of Association (Contrato Social) — and issued through a capital increase approved through a corporate resolution or an amendment to the Articles of Association.

The (a) minutes of the shareholders' meeting, along with the updated bylaws, in the case of a S.A.; or (b) amendment to the Articles of Association, in the case of Limitadas, must be registered with the competent Board of Trade (Junta Comercial). This registration requires the payment of certain fees, which vary by State but are typically not substantial. No taxes or stamp duties apply to the issuance of shares or the payment of the subscription amount. However, it is important to note that taxes such as the IOF (Tax on Financial Transactions) may apply to foreign exchange transactions related to foreign direct investments.

 © 2026 Legalease Ltd

## 6. How prevalent is participation from investors that are not venture capital funds, including angel investors, family offices, high net worth individuals, and corporate venture capital?

Venture capital (VC) funds are a prominent force in Brazil's investment landscape, particularly in early-stage sectors. Angel investors, family offices, high-net-worth individuals, and corporate venture capital vehicles have become increasingly active in Brazil's early-stage investment landscape. Angel investors and early-stage VC funds often serve as initial backers, especially former founders turned investors committed to supporting new entrepreneurs during seed and early-stage rounds. Corporate venture capital, in particular, has seen notable growth in recent years, driven by large companies pursuing strategic innovation and technology-focused investments.

Overall, the Brazilian investment ecosystem is undergoing a significant transformation, with a wide variety of investors playing an active role in driving the growth and innovation of early-stage companies.

## 7. What is the typical investment period for a venture capital fund in the jurisdiction?

Brazilian venture capital investment funds typically have an investment period ranging from 3 to 5 years. The overall lifespan of investment funds is usually 10 years, often with the possibility of extension subject to limited partners' consent and market conditions.

## 8. What are the key investment terms which a venture investor looks for in the jurisdiction including representations and warranties, class of share, board representation (and observers), voting and other control rights, redemption rights, anti-dilution protection and information rights?

The terms and conditions of investments typically vary depending on the stage of the company and the profile of investors involved. However, venture capital (VC) and corporate venture capital (CVC) investment funds usually seek the following rights to protect their interests and ensure alignment with the company's growth:

**a)** Board representation or observer seats: Institutional investors often seek to participate in the company's strategic decision-making by securing board seats or observer positions. This right is typically reserved for lead investors in a financing round, rather than co-investors or other participants.

**b)** Voting and veto rights: Institutional investors typically request consent or veto rights over major corporate actions, such as mergers, acquisitions, or changes in business direction. Founders generally aim to limit the investor's influence over daily operational decisions to maintain control over the company's day-to-day management.

**c)** Anti-dilution clauses: These clauses protect investors from dilution in future financing rounds if the company raises capital at a lower valuation than the previous round. The broad-based weighted average mechanism (as opposed to full ratchet) is commonly used to calculate the adjustment.

**d)** Liquidation preferences: These determine the order and amount of proceeds investors receive in the event of a liquidity event, such as a sale or liquidation of the company. Typically, investors are entitled to a 1x non-participating liquidation preference, meaning they receive their original investment amount back before any distribution to founders, equity-incentivized employees and angel investors.

**e)** Information rights: Investors often request regular access to financial and operational reports to monitor the company's progress and performance.

**f)** Representations and warranties: These are assurances provided by the founders regarding the company's legal, financial, and operational status. The scope of these representations can vary, with earlier-stage deals often focusing on fundamental representations, while later-stage deals may include more detailed operational representations and warranties.

**g)** Put option: More often than not, investors may seek a put option against the company or founders, which gives them the right to exit the company by selling their shares back to the company or the founders for a nominal value (e.g., R$ 1 per share).

## 9. What are the key features of the liability regime (e.g. monetary damages vs. compensatory capital increase) that apply to venture capital investments in the jurisdiction?

Liability regimes generally provide for monetary damages in the event of breaches of representations, warranties, or covenants. In some cases, investors may also seek indemnification for contingent liabilities arising from

 © 2026 Legalease Ltd

actions or events that took place prior to their investment. In other words, investors may seek protection or compensation for liabilities that surface after the investment but are tied to past circumstances, even if the risk of materialization of those liabilities were known at the time of the investment.

In certain situations, investors may request price adjustments or changes to their equity interest as a form of compensation for these indemnification events. These adjustments are intended to offset any negative impact caused by the breach, representation, or contingent liability.

In addition to monetary damages and equity adjustments, specific performance (requiring the company to fulfill certain contractual obligations) can also be pursued under certain circumstances.

## 10. How common are arrangement/ monitoring fees for investors in the jurisdiction?

Arrangement and monitoring fees are uncommon in Brazilian venture capital transactions, although it is common that the invested company reimburse investment funds for due diligence and legal fees incurred in the implementation of the transaction. Investors typically focus on equity returns, and the charging of fees for specific services or support provided to the portfolio company is not standard practice, though such fees may be negotiated on a case-by-case basis.

## 11. Are founders and senior management typically subject to restrictive covenants following ceasing to be an employee and/or shareholder and, if so, what is their general scope and duration?

Yes, restrictive covenants such as non-compete, non-solicitation, and confidentiality agreements are typically applied to founders and senior management. These are often included in shareholders' agreements, in convertible loans/notes, or service agreements and usually last during their tenure and for a specified period from the founder's departure, typically between 12 and 24 months.

In addition to these covenants, it is common for investors to require exclusive dedication to the business from founders, which is often coupled with a reverse vesting mechanism. This vesting period typically spans 36 to 48 months with a 12-month cliff, ensuring that founders remain committed to the company for a set period and incentivizing them to stay aligned with the company's long-term success.

Enforceability of non-compete provisions depends on their scope, duration, consideration, and geographic reach. Brazilian labor laws require that non-compete restrictions be reasonable and not excessively broad.

## 12. How are employees typically incentivised in venture capital backed companies (e.g. share options or other equity-based incentives)?

Employees are frequently incentivized through equity-based instruments such as stock option plans (SOPs), often structured with standard vesting schedules.

It is worth noting that the lack of clear and specific regulation around SOPs in Brazil (despite recent legislative efforts) often results in legal uncertainty and potential tax and labor liabilities. For instance, depending on how the plan is structured and implemented, tax authorities or labor courts may recharacterize the option as regular compensation, triggering payroll taxes and other employer obligations (including labor and social security obligations). This legal ambiguity requires careful structuring and tailored legal advice to avoid unintended consequences.

## 13. What are the most commonly used vesting/good and bad leaver provisions that apply to founders/ senior management in venture capital backed companies?

Investors usually require that senior management receiving stock options agree to standard vesting provisions. Founders are typically subject to reverse vesting, as discussed above. For senior management, vesting is most commonly time-based, generally involving a four-year vesting schedule with a one-year cliff. After the cliff, shares generally vest on a monthly (linear) basis for the remainder of the period. Performance-based vesting is less common, as it may increase the risk of the option grant being recharacterized as regular compensation, potentially triggering labor, social security, and tax liabilities, as previously discussed.

If a beneficiary leaves the company before the end of the vesting period, they typically retain the vested portion of their options based on the time elapsed, while the unvested portion is forfeited.

It is also common for stock option plans and shareholders' agreements to include good leaver and bad

 © 2026 Legalease Ltd

leaver provisions. These provisions define the consequences of a beneficiary's departure from the company depending on the circumstances.

Under bad leaver scenarios, beneficiaries may be required to forfeit even vested options, or to resell any shares acquired through the exercise of vested options to the company or other shareholders for a nominal or discounted value. Common examples of bad leaver situations in Brazil include: (a) dismissal for cause (justa causa); (b) breach of fiduciary duties or restrictive covenants (such as non-compete, non-solicitation, exclusive dedication, or confidentiality obligations); (c) criminal misconduct or gross negligence; and/or (d) voluntary resignation without prior agreement during the vesting period.

## 14. What have been the main areas of negotiation between investors, founders, and the company in the investment documentation, over the last 24 months?

Macro-economic uncertainties and market fluctuations have prompted more complex discussions around investors' downside protections and control rights. As valuations declined and fundraising became more competitive, negotiation leverage has shifted somewhat in favor of investors. In this context, key negotiation areas have included anti-dilution adjustments, liquidation preferences, and protective provisions.

Down rounds have become more common, with new investors often requiring existing investors to waive their anti-dilution protections as a condition to proceed with the investment. Additionally, some rounds are structured to penalize non-participating investors (those who do not exercise their pro-rata rights) by converting their preferred shares into common shares and causing them to lose certain preferential rights, such as liquidation preferences and veto powers.

## 15. How prevalent is the use of convertible debt (e.g. convertible loan notes) and advance subscription agreement/ SAFEs in the jurisdiction?

Convertible loans (mútuos conversíveis) are widely used in Brazil and are the primary instrument for early-stage investments. They are also frequently employed as bridge financing tools. Their popularity stems from their ability to delay valuation discussions to a later equity round, which is particularly useful when the company is still at an early stage and lacks sufficient metrics for accurate valuation. Another advantage from the investors' perspective is that investors under convertible loan structures are not initially registered as shareholders in the company, which may allow them to avoid typical liabilities associated with shareholder status in Brazil.

## 16. What are the customary terms of convertible debt (e.g. convertible loan notes) and advance subscription agreement/ SAFEs in the jurisdiction and are there standard form documents?

Customary terms for convertible loans in Brazil typically include:

**a)** Valuation cap – a maximum company valuation at which the loan converts into equity, providing downside protection for early investors by ensuring a more favorable conversion price;

**b)** Discount rate – a discount on the price per share at the next equity round, usually between 10% and 30%, which rewards early investors for their risk;

**c)** Interest rate – if applicable, although in most cases the accrued interest does not affect the number of shares received upon conversion;

d) Maturity date – generally set far enough in the future to allow time for a qualifying equity financing round to occur;

**e)** Conversion mechanics – terms outlining when and how the loan converts into equity, typically triggered by a qualifying equity financing or change of control, but it is also common that investors may convert at any time and at their discretion;

**f)** Investor rights – basic rights such as information rights and, upon conversion into equity, limited protective provisions or other shareholder rights, depending on the deal.

## 17. How prevalent is the use of venture or growth debt as an alternative or supplement to equity fundraisings or other debt financing in the last 24 months?

Venture and growth debt remain less common in Brazil compared to more developed markets, largely due to historically high interest rates. However, these instruments have gained some traction in the past,

 © 2026 Legalease Ltd

particularly among startups with predictable revenue streams, a clear path to profitability, or asset-heavy business models, even despite the high interest rates in Brazil.

The increasingly challenging equity fundraising environment has driven the demand for financing alternatives that offer non-dilutive capital, helping startups sustain growth and extend their runway between equity rounds.

That said, the broader adoption of venture and growth debt in Brazil still faces key obstacles. These include the limited number of specialized lenders, the higher perceived credit risk associated with early-stage companies, absence of assets or stable revenue streams to use as collateral for the debt, and a cultural preference for equity financing in the startup ecosystem.

## 18. What are the customary terms of venture or growth debt in the jurisdiction and are there standard form documents?

Venture and growth debt in Brazil commonly includes fixed interest rates (rates vary but are usually tied to benchmarks such as the Brazilian CDI rate (Interbank Deposit Certificate rate)), short to medium-term maturities, and covenants related to financial performance metrics. Security packages often include pledges over intellectual property, share pledges, or security interests over receivables and bank accounts.

Equity kickers are also frequently included to align interests with lenders. These allow the lender to acquire a certain equity stake in the company under favorable terms, usually as a way to compensate for the higher risk of lending to startups and scale-ups.

There are no widely adopted standard documents in venture or growth debt transactions in Brazil. Documentation is typically tailored to the specifics of each deal and negotiated on a case-by-case basis by specialized lenders.

## 19. What are the current market trends for venture capital in the jurisdiction (including the exits of venture backed companies) and do you see this changing in the next year?

In the near term, early-stage funding is expected to remain more active than later-stage rounds, with a continued concentration of capital in seed and Series A investments. At the same time, later-stage funding remains selective, with investors prioritizing capital efficiency, clearer paths to profitability and stronger unit economics.

Given the still-limited IPO window in Brazil, M&A and secondary transactions are expected to remain the primary liquidity avenues for investors. In this context, strategic acquisitions and structured secondary sales have become increasingly relevant as exit alternatives.

From a macroeconomic perspective, although conditions are gradually stabilizing, the high interest rate environment continues to constrain liquidity. Contrary to earlier expectations of a rate-cutting cycle beginning in 2025, the Central Bank of Brazil continued tightening, with the SELIC peaking at 15.00%. The easing cycle only began in March 2026, with a modest 25-basis-point cut to 14.75%, and rates are expected to remain relatively elevated throughout 2026. As a result, capital allocation remains disciplined, with downward pressure on valuations and a stronger focus on governance and downside protection in deal terms.

Another relevant dynamic is the still-limited participation of international capital compared to prior cycles. While global investors remain active in select opportunities, particularly in top-tier assets, cross-border flows have not fully normalized, contributing to a more cautious and selective investment environment.

On the sector side, agritech is emerging as a notable area of growth, driven by the strategic importance of Brazil's agricultural sector. Investors are increasingly focused on technologies related to precision agriculture, bio-inputs, supply chain and logistics optimization, and agri-fintech solutions, all of which are viewed as critical to improving productivity, efficiency, and sustainability.

Artificial intelligence has also become a central investment theme. Rather than being treated as a standalone vertical, AI is increasingly embedded across sectors—such as fintech, healthtech, agritech and enterprise software—and is influencing both investment theses and valuation frameworks. This trend mirrors more mature markets and is expected to gain further traction as Brazilian startups continue to develop AI-enabled solutions.

Looking ahead, a gradual recovery in deal activity is expected, particularly at the early stage, but a more meaningful rebound in later-stage funding and exits will likely depend on a sustained decline in interest rates and a reopening of capital markets. In the meantime, consolidation across sectors and continued reliance on M&A and secondary transactions are expected to shape

 © 2026 Legalease Ltd

the venture capital landscape in Brazil.

### 20. Are any developments anticipated in the next 12 months, including any proposed legislative reforms that are relevant for venture capital investors in the jurisdiction?

Ongoing efforts by the Brazilian Congress seek to modernize the legal framework for early-stage investments and better align local practices with international standards. Key legislative proposals have advanced through the Senate and are currently pending before the House of Representatives.

One key proposal is Bill PLP 252/2023, which aims to amend the Brazilian Legal Framework for Startups (Marco Legal das Startups – Lei Complementar 182/2021). The bill introduces a new investment instrument called the Convertible Investment Agreement into Equity (Contrato de Investimento Conversível em Capital – CICC). This mechanism is inspired by the U.S. SAFE model, but is designed to be more compatible with Brazilian corporate and civil law. As explained above, the SAFE model currently lacks clear legal grounding in Brazil, leading to uncertainty regarding its classification and enforceability. The CICC seeks to resolve these issues by adapting the economic structure of the SAFE to a format that offers greater legal clarity and certainty under Brazilian law. The bill was approved by the Senate in April 2024 and is currently pending before the House of Representatives.

Another important legislative proposal is Bill PL 2,724/2022, which aims to create a clear legal framework for stock option plans. The bill explicitly characterizes stock options as commercial instruments, rather than employment compensation, provided that certain requirements are met. This distinction is especially important in the venture capital context, as it would help reduce legal uncertainty and mitigate the risk of stock options being recharacterized as salary, which could otherwise trigger significant labor, social security, and tax liabilities. The bill was approved by the Senate in August 2023 and is also currently pending before the House of Representatives.

In the field of artificial intelligence, Brazil is moving toward a dedicated regulatory framework, although no general AI law is currently in force. Bill No. 2,338/2023, which sets out general rules for the development, deployment and use of AI systems, was approved by the Senate in December 2024 and is currently under review by a Special Committee in the House of Representatives. Separately, the federal government introduced Bill No. 6,237/2025 to establish the National System for the Development, Regulation and Governance of Artificial Intelligence (SIA) and to formally define its institutional structure, including a central coordinating role for the National Data Protection Authority (ANPD). This government bill has been attached to Bill No. 2,338/2023 and is being discussed within the same legislative process. These initiatives are relevant for technology-driven startups and their investors, as the future regulatory framework is expected to shape compliance obligations and the operating environment for AI-based business models in Brazil.

Finally, it is worth noting that Brazil has also recently embarked on a broad tax reform, enacted through Constitutional Amendment No. 132/2023 and regulated by Complementary Law No. 214/2025. The reform replaces five consumption taxes (PIS, Cofins, IPI, ICMS, and ISS) with a dual VAT system (IBS and CBS), with a transition period running through 2033. In 2026, a testing phase is underway, while actual collection under the new system begins in 2027. The reform is not aimed at venture capital specifically, but it carries practical consequences for startups and their investors, particularly around pricing, contract structures, and cash flow.

## Contributors

 © 2026 Legalease Ltd

**Guilherme Ohanian Monteiro**
**Partner**
guilherme.monteiro@veirano.com.br



**Daniel Augusto Malatesta**
**Partner**
daniel.malatesta@veirano.com.br



 © 2026 Legalease Ltd