RESTRUCTURING AND INSOLVENCY

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RECORD GROWTH IN REQUESTS FOR JUDICIAL REORGANIZATION IN BRAZILIAN AGRICULTURE

On December 15, 2025, Serasa Experian released the Index of requests for judicial reorganization in the Brazilian agribusiness sector, revealing a record increase of approximately 150% in the third quarter of 2025, compared to the same period last year. In absolute numbers, 628 requests were recorded, while in the third quarter of 2024, 254 requests were registered.

According to the Index, the main applicants for judicial reorganization were rural tenants or economic and family groups, who filed 84 reorganization proceedings, followed by large landowners, who filed 69 requests.

Analyzing the state panorama, Mato Grosso registered the highest number of requests, with 112 applications. The states of Goiás and Paraná also stood out in the Index, with 99 and 77 requests, respectively.

According to Guilherme Campos, Secretary of Agricultural Policy at the Ministry of Agriculture, the growing number of judicial reorganization filings is making it difficult for rural producers to obtain credit, as banks are becoming more stringent in releasing funds.

In conclusion, the record increase in requests for judicial reorganization in Brazilian agribusiness is a clear indication of the severe difficulties faced by this vital sector of the economy, a situation that may impact agricultural production and food security in the country.

AZUL HAS ITS JUDICIAL REORGANIZATION PLAN APPROVED IN THE US

On December 12, 2025, the US courts approved the debt restructuring plan presented by Azul in its Chapter 11 filing, a legal procedure provided for in US law similar to judicial reorganization in Brazil, through which companies can overcome economic and financial crises.

The company had filed for Chapter 11 on May 28, 2025, reporting assets of US$ 4,541,000,000 and liabilities of US$ 9,575,000,000. In this context, the approval of the plan allows the company to move forward with the reorganization of its finances and reduce more than US$ 2 billion in debt.

To this end, the plan converts a large part of the pre-existing debt into shares and allows the company to raise funds by issuing new securities, a strategy that will have the support and investment of up to US$ 300 million from United Airlines and American Airlines.

IMPOSSIBILITY OF SUBSTANTIAL CONSOLIDATION IN EXTRAJUDICIAL RECOVERY PROCEEDINGS

On December 15, 2025, the Third Panel of the Superior Court of Justice (STJ) unanimously decided to uphold Special Appeal No. 2217146/SP, filed by a creditor represented by Tozzinifreire. The appeal sought to overturn the ruling handed down by the 1st Reserved Chamber of Business Law of the TJSP, which had confirmed the processing of the extrajudicial reorganization of the Tech Lub Group with substantial consolidation, even though the debtors had the support of a single creditor responsible for representing 38.85% of the credits involved in the proceedings.

For context, in the first instance, in the context of the extrajudicial reorganization, the Creditor presented several statements indicating serious evidence of irregularities in the proceedings. Despite this, the decision to grant the proceedings, with substantial consolidation between the companies, was upheld.

In the Second Instance, the Creditor's appeal was dismissed, under the mistaken understanding that substantial consolidation could be granted, despite the express recognition of the absence of legal provision for the application of the institute in the context of extrajudicial reorganization.

In view of this, the Creditor filed a special appeal. During the trial, Reporting Minister Ricardo Villas Bôas Cueva emphasized that, contrary to the understanding of the Court of Appeals, Law No. 11,101/2005 does not contemplate the possibility of substantial consolidation in extrajudicial reorganization, the practice being restricted to judicial reorganization, with exceptional applications when there is "interconnection and confusion between assets or liabilities" of the companies in the group. Furthermore, the Reporting Minister emphasized that each company included in the procedure must individually demonstrate adherence to the plan, meeting all legal requirements, including the minimum percentage of creditor agreement.

In view of this, the Creditor's special appeal was unanimously granted, resulting in the termination of the Tech Lub Group's extrajudicial reorganization, in addition to remedying the omission in Brazilian case law regarding the impossibility of substantial consolidation in extrajudicial reorganization proceedings.

NON-EXTENDIBILITY OF THE DEADLINE SET FORTH IN ARTICLE 163, PARAGRAPH 7, OF LAW NO. 11,101/2005

On December 15, 2025, the 3rd Panel of the Superior Court of Justice (STJ) upheld Special Appeal No. 2213290/SP, filed by a Creditor represented by TozziniFreire. The appeal challenged the ruling handed down by the 1st Reserved Chamber of Business Law of the TJSP, which had confirmed the processing of the extrajudicial reorganization of the Tech Lub Group.

This time, the problem arose from the fact that, although the 90-day period had expired (art. 163, § 7, of the LFR), the debtors failed to reach the 50% percentage of adhesion of the credits subject to the procedure. Even so, the First Instance decided to grant the processing of the case.

In the Second Instance, the appeal filed by the Creditor was denied.

Subsequently, the Creditor filed a special appeal, which was unanimously upheld. The STJ based its decision on the express legal determination that the deadline for reaching the quorum necessary for approval of the plan could not be extended. Thus, in the absence of compliance with the legal requirements, the extrajudicial reorganization of the Tech Lub Group was declared terminated.

Therefore, the STJ's decision reinforced that the deadline in the aforementioned article cannot be extended in order to ensure legal certainty and the protection of creditors, highlighting the need for strict adherence to legal requirements, promoting a more transparent and equitable recovery environment.

RIO COURT OF JUSTICE SUSPENDS OI GROUP'S BANKRUPTCY

On November 14, 2025, the First Chamber of Private Law of the Rio de Janeiro Court of Justice suspended the effects of Oi's bankruptcy, which had been declared days earlier, on November 10, 2025. The preliminary injunction stems from an appeal filed by Itaú, still pending final judgment, which seeks to revoke the bankruptcy decree.

As a protective measure, the Bank sought the granting of suspensive and active effect to stay the effects of the bankruptcy until the judgment on the merits of the appeal, and for the removal of the current management of the Oi Group, with its replacement by a judicial manager who guarantees the immediate execution of the judicial reorganization plan already approved by the creditors and ratified by the TJRJ.

The TJRJ's decision designated the return of the previously appointed Judicial Administrators, WALD Administração de Falência e Empresas Em Recuperação Judicial and PRESERVA-AÇÃO Administração Judicial, to comply with the plan.

THE INFEASIBILITY OF JUDICIAL REORGANIZATION FOR NON-PROFIT ASSOCIATIONS AND FOUNDATIONS

In the judgment of Special Appeals Nos. 2.159.844, 2.168.624, and 2.168.628, the 4th Panel of the Superior Court of Justice reaffirmed that non-profit associations and foundations cannot file for judicial reorganization. The appeals judged by the STJ involve the case of a foundation that manages hospitals and has R$ 700 million in debts, which filed for judicial restructuring.

According to the logic of Law No. 11,101/2005, associations and foundations, by their nature, do not fit the concept of companies that can file for judicial reorganization, precisely because they are not part of the profit-driven market, focusing on activities that benefit society in general.

The STJ's decision is based on the fundamental distinction between for-profit entities and those that operate exclusively for social, cultural, or charitable purposes, emphasizing that such entities operate on the basis of promoting collective interests and not to generate profit. Thus, they are not entitled to avail themselves of Judicial Reorganization mechanisms, which are only appropriate for companies that deal with regular economic activities. In situations of financial crisis, associations and foundations must seek management and restructuring alternatives that are compatible with their legal nature.

It can therefore be concluded that the Superior Court of Justice has adopted a restrictive stance in denying requests for Judicial Reorganization by non-profit associations and foundations, as they do not fall under the provisions of Law No. 11,101/2005.

THE SUPREME COURT AND THE INADMISSIBILITY OF BANKRUPTCY FOR PUBLIC COMPANIES AND MIXED-CAPITAL COMPANIES

In its ruling on Extraordinary Appeal No. 1.249.945/MG, the Federal Supreme Court (STF) ruled that public companies and mixed-capital companies are not subject to the provisions of Law No. 11.101/2005 and, consequently, to bankruptcy. The Court validated the constitutionality of Article 2, item I, of the LFR, reaffirming that the public interest that motivates the creation of these entities prevents them from submitting to the typical mechanisms of private enterprise.

According to the vote of the Rapporteur, Minister Flávio Dino, although these entities operate in competitive conditions with private companies, they function as instruments of the State in areas that are of relevant collective interest or that involve national security. Consequently, the declaration of bankruptcy of such institutions could give the impression of insolvency of the State itself, which contradicts the principles of the constitutional order.

The STF also emphasized that the extinction of public companies and mixed-capital companies must occur through specific legislation and not based on the bankruptcy procedure governed by the LFR. Thus, as the creation of these entities requires legislative authorization, their removal from the market must follow the same legal procedures and cannot be the result of a judicial decision on their bankruptcy.

With this determination, the STF highlights that, by participating in the economy, the State retains rights that seek to safeguard the public interest related to the activities of these entities, emphasizing the distinction between the legal regimes applicable to state-owned companies and those governing private corporations.

CHAMBER OF DEPUTIES APPROVES BILL TO REGULARIZE GUARANTOR CREDITS IN JUDICIAL REORGANIZATION

The Chamber of Deputies' Industry, Trade, and Services Committee advanced Bill No. 3742/2025, which establishes uniform criteria for the classification of credits associated with letters of guarantee in Judicial Reorganization proceedings. The proposal, which amends the LFR, aims to ensure that the classification of credit remains unchanged, regardless of the date on which the guarantee is paid.

The substitute bill, presented by rapporteur Deputy Lucas Ramos (PSB-PE), only modifies issues of wording in Bill No. 3742/2025, authored by Deputy Jonas Donizette (PSB-SP). The main objective, according to Ramos, is to ensure equal treatment for guarantors, preventing the date on which the bond is paid from influencing the nature of the credit in the context of judicial restructuring proceedings.

With the new version, the guarantor's credit will retain its original classification even if payment occurs during the Judicial Reorganization process. This means that the nature of the credit will be defined by the date the debt was created, not by the date the guarantee is paid.

The proposal aims to standardize the Superior Court of Justice's (STJ) interpretation of the issue. In previous decisions, the Court had ruled that if the guarantor paid the debt during the reorganization process, the credit could be classified as extra-bankruptcy, which gives priority of payment and excludes the amount from the restructuring plan guidelines.

However, the above understanding has changed, and now, upon settling the debt, the guarantor assumes the role of the original creditor, causing the credit to be treated as bankruptcy, following the rules of the reorganization plan and without priority.

The bill is conclusive and will be reviewed by the Constitution, Justice, and Citizenship Commission (CCJ). To become law, the text must be approved by the Chamber of Deputies and the Senate.

FONAREF HOLDS ITS 3RD ANNUAL CONGRESS AND ADVANCES IN IMPROVING THE INSOLVENCY SYSTEM IN BRAZIL

On November 18, 2025, the National Forum for Business Recovery and Bankruptcy (Fonaref) concluded its 3rd Annual Congress, solidifying its position as a vital platform for improving the insolvency system in Brazil. With the theme "Insolvency and Extra-Insolvency as the Structural Axis of the Insolvency System," the event, held at the Federal Justice Council (CJF), stood out for its participatory methodology and the inclusion of contributions from the public.

During the opening, Minister Mauro Campbell Marques, president of Fonaref, emphasized the need to standardize the interpretation of laws to promote a secure business environment. The congress had 465 registrants, reflecting its growth and relevance. Secretary-General Clarissa Somesom Tauk also presented the practical advances of the Forum, such as the proposed amendment to CNJ Resolution 393 and the formation of a working group focused on the restructuring of rural producers.

The dynamics of the congress were enriched by the collaboration of the legal community, allowing suggestions during the debates, which resulted in the analysis of 57 proposals in five thematic committees. Among the topics discussed were the recovery of special economic agents, insolvency in agribusiness, and labor-related credits.

At the end of the event, 17 new statements were approved that will serve as guidelines for legal practitioners throughout Brazil. The congress also included the launch of the book "Fresh Start — Breaking the Stigma of Business Bankruptcy," reaffirming Fonaref's commitment to promoting a qualified and innovative dialogue in the field of insolvency.

PARTNER RESPONSIBLE FOR THE NEWSLETTER:

GABRIELA MARTINES
gmartines@tozzinifreire.com.br
55 (11) 5086-5561

CONTRIBUTED TO THIS NEWSLETTER:

Victoria de Azevedo Torres Silveira

Our firm's **Restructuring and Insolvency** team is available for further clarification on the newsletter.