



LEGAL ALERT

CNJ allows the substitution of cash for performance bond or bank-issued guarantee

The National Council of Justice (CNJ) granted an injunction suspending the use of judicial performance bond and bank-issued guarantee in substitution of the appeal bond deposit for guarantee labor execution.

With the suspension, companies will have the right to substitute cash amounts previously deposited in labor actions for bank-issued guarantee or performance bond, which may represent an improvement in cash in the short term.

The measure is relevant for the financial departments of companies that have a large amount of deposits in court, since these amounts may be withdrawn.

The injunction suspends the applicability of Articles 7 and 8 of Joint Act No. 1/2019 of the Superior Labor Court (TST), Superior Council for Labor Justice (CSJT) and the Disciplinary Board of the Labor Courts (CGJT). The provisions prevented the use of performance bonds and bank-issued guarantees to replace cash, when the amounts were already deposited.

The Labor area of Gasparini, Nogueira de Lima e Barbosa Advogados is available to provide clarification on the subject.