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# International Financial Law Virtual Conference

September 22, 2021

## SPACs

### **Session / Workshop Chair(s)**

**Trevor Norwitz** *Wachtell, Lipton, Rosen & Katz, New York, New York, USA; Vice Chair, Securities Law Committee*

**Jan Peeters** *Stibbe Brussels, Belgium; Corporate Counsel Forum Liaison Officer, Securities Law Committee*

### **Speakers**

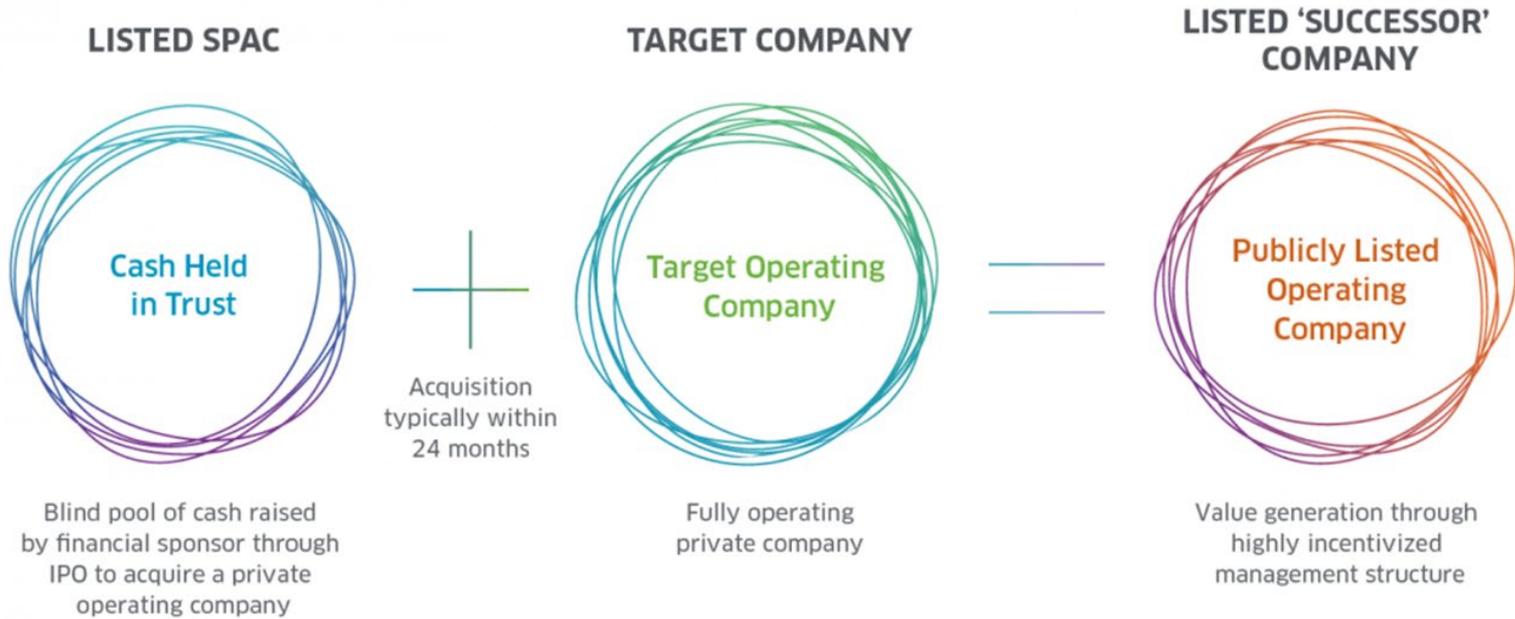
**Esther Chang** *Mayer Brown, Chicago, Illinois, USA*

**Chuba Ezenwa** *Citigroup, London, England*

**Raaj Narayan** *Wachtell, Lipton, Rosen & Katz, New York, New York, USA*

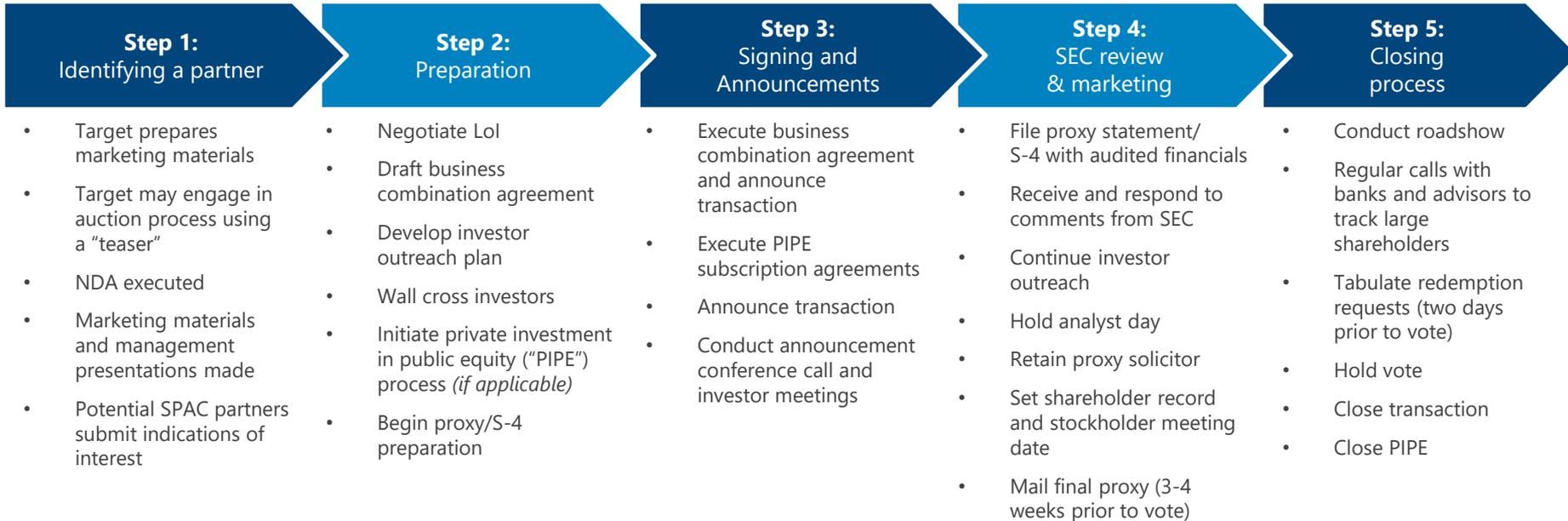
**Will Pearce** *Davis Polk & Wardwell, London, England*

# How does a SPAC work?



# Process overview

The process from announcement of a definitive agreement (and proxy/S-4 filing) to close may take between two and five months (*not all that different from an IPO process*)



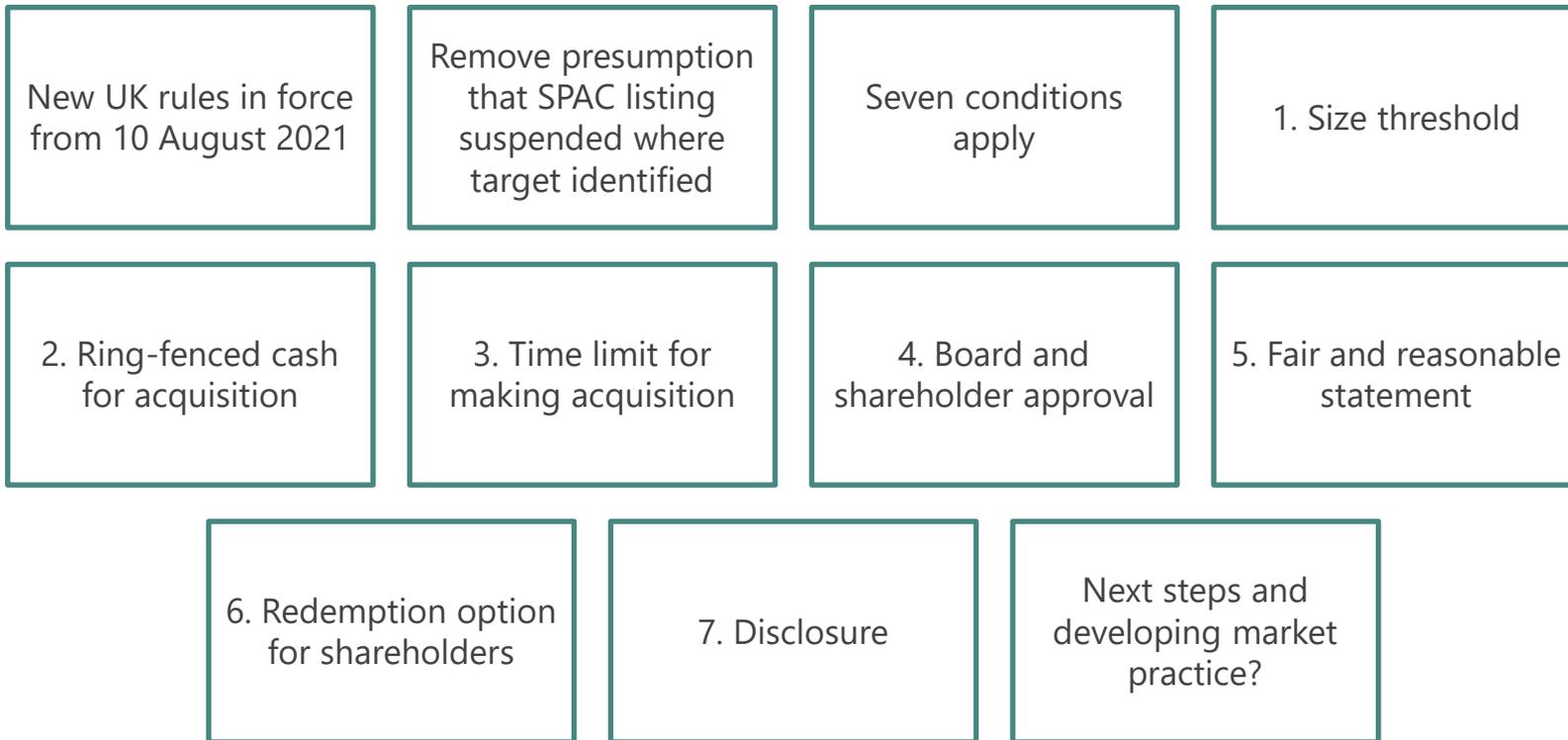
# deSPAC Regulatory Framework

- Proxy Statement / Registration Statement on Form S-4
  - SPAC must file proxy statement on Schedule 14A
  - If SPAC intends to register new securities as part of transaction, SPAC must file a proxy/prospectus on Form S-4 (or F-4)
  - The continuing company may be able to qualify as a foreign private issuer (FPI)
- The type of information that is required of a target company is the same as what would be required if target company were to do an IPO
- Financial statements of the SPAC and the target are required.
  - At least 2 most recent fiscal years and possibly 3, if SPAC has filed a Form 10-K
  - Unaudited interim financial statements may be required based on age of financial statements
- Unaudited pro forma financial information reflecting the proposed acquisition
- Management's Discussion & Analysis for the SPAC and the target
- Selected financial information for the SPAC and the target
- Comparative per share information
- Financial Statements must comply with Regulation S-X and US GAAP requirements and be prepared in compliance with PCAOB standards

# Recent U.S. Regulatory Developments

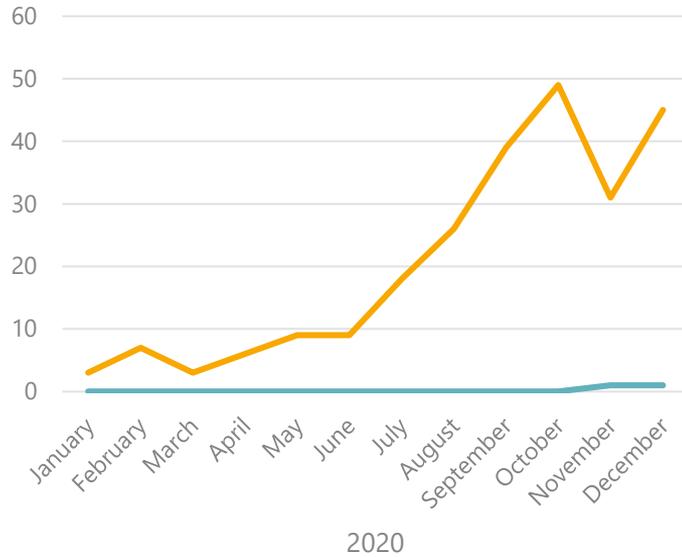
- Various SEC Staff members have commented publicly on SPACs, including the Acting Director of the Division of Corporation Finance John Coates, cautioning private companies.
- SEC Office of Chief Accountant has provided guidance relating to SPAC warrants, and whether warrants containing certain provisions should be treated as a liability for accounting purposes instead of as equity.
- On May 24, 2021 the House Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets held a virtual hearing titled: “Going Public: SPACs, Direct Listings, Public Offerings, and the Need for Investor Protection”.
- In August 2020, SEC sanctioned its first SPAC, Stable Road Acquisition Company, its CEO, its sponsor, the target company and its former CEO, with penalties levied against multiple parties of approximately \$8.5 million, in the aggregate.

# Recent changes to the UK Listing Rules



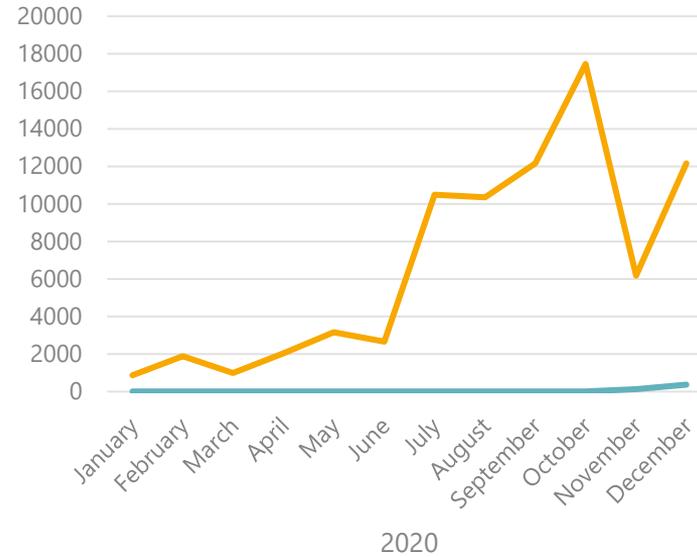
# SPAC IPOs in US and Europe in 2020

## Number of SPAC IPOs in 2020



— NYSE/Nasdaq listings — European listings

## Proceeds raised by SPAC IPOs in 2020 (US\$ millions)

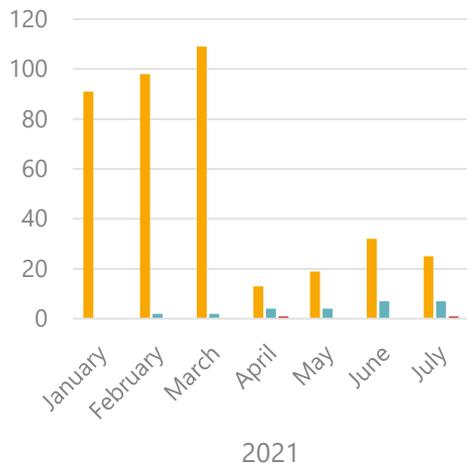


— NYSE/Nasdaq listings — European listings

Source:  
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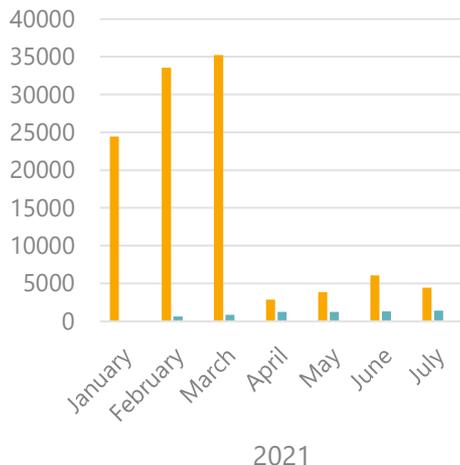
# SPAC IPOs in US, Mainland Europe and UK in 2021 (Jan-Jul)

Number of SPAC IPOs in 2021

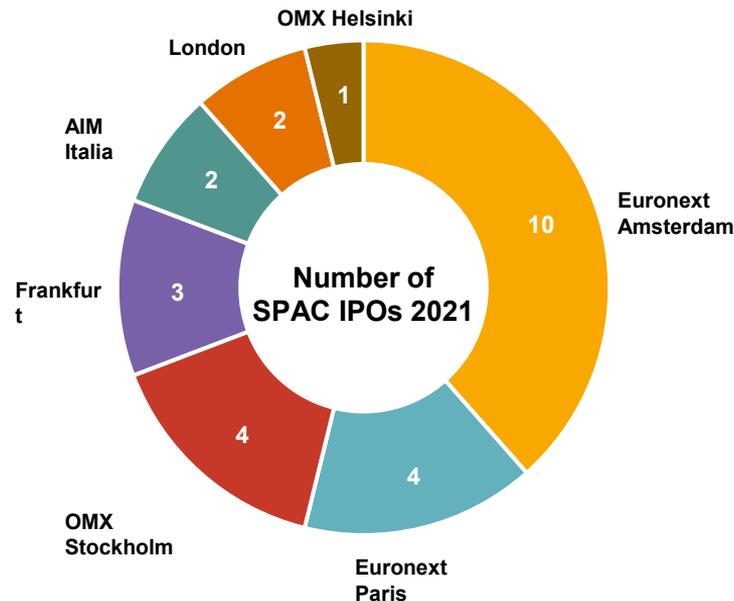


- NYSE/Nasdaq listings
- European listings (excl. London)
- London listings

Proceeds raised by SPAC IPOs in 2021 (US\$ millions)



- NYSE/Nasdaq listings
- European listings (excl. London)
- London listings



Source:  
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# SPACs surge

- **In the first quarter of 2021, there were 298 SPAC IPOs completed, which raised \$97.3 billion.** 255 SPAC IPOs were filed/pending, valued at over \$64.2 billion.
- **24 SPAC mergers were completed, with an aggregate value of \$54.1 billion.** Companies in the industrials, healthcare, technology and financial services led the charge on SPAC mergers in 2021Q1.
- **As of the end of August there were 137 “live” SPAC mergers,** with 577 SPACs actively seeking targets.

Pipeline Snapshot	Number	Value, \$billion
Pre-IPO	306	69.1
Active SPACs	577	171.6
- Searching for Mergers	440	131.5
- Live Mergers	137	363.4*
Mergers Closed	120	282.3*
SPACs Liquidated	0	0.0

\* Enterprise Value at announcement  
Data: SPAC Research, as of Aug 31, 2021

