

Valeska Pederson Hintz Quoted in Private Equity Law Report—Relevant Context, Potential Impact and Likelihood of Adoption of the SEC’s Proposed SPAC Rules

Partner Valeska Pederson Hintz was quoted in "[Relevant Context, Potential Impact and Likelihood of Adoption of the SEC's Proposed SPAC Rules](#)," an article in *Private Equity Law Report*, regarding the boom and cooling of the SPAC market over the last several years, and the potential impact of the Proposal on the SPAC industry.

Put simply, the SPAC market is struggling, and the current correction can be attributed to several potential factors. Although some companies that went public via de?SPAC transactions were wildly profitable, a number of others have traded below the industry-standard \$10 offering price and have subsequently missed analyst forecasts, observed Perkins Coie partner Valeska Pederson Hintz. "If a company has a bad quarter relative to projections immediately after going public, that taints it for a while and takes some shine off the SPAC process."

"A lot of the proposed disclosure requirements are disclosures that many SPACs already included in their filings, such as in the 'Super 8?K' filed after the consummation of the proposed business combination," Valeska agreed. "If the Proposal were adopted, many of the disclosures would instead need to be filed earlier in time when investors are making voting, investment and redemption decisions in connection with a de?SPAC transaction."

"Although the proposed changes are subjectively reasonable from an academic perspective, the impact could still ultimately cripple the industry or will, if nothing else, significantly diminish and accelerate the cooling off of the SPAC industry," Valeska suggested.

One way the Proposal could impact SPAC activity is by achieving its intended goal: eliminating unique benefits of SPACs and bringing them in line with traditional IPOs. "Some potential target companies are interested in de? SPAC transactions due to the perceived ability for pre-revenue companies to use projections with reduced liability to go public on an abbreviated timeline," Valeska said. "The Proposal would effectively eliminate those benefits, which would likely result in de?SPAC transactions becoming a less appealing option," she continued.

Further, there is the simple reputational harm the SPAC industry is facing from the sustained attention directed at it by the SEC and other regulators. "It's not the new, shiny thing anymore but instead has become a little tainted," Valeska noted.

[Click here to read the full article.](#)

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