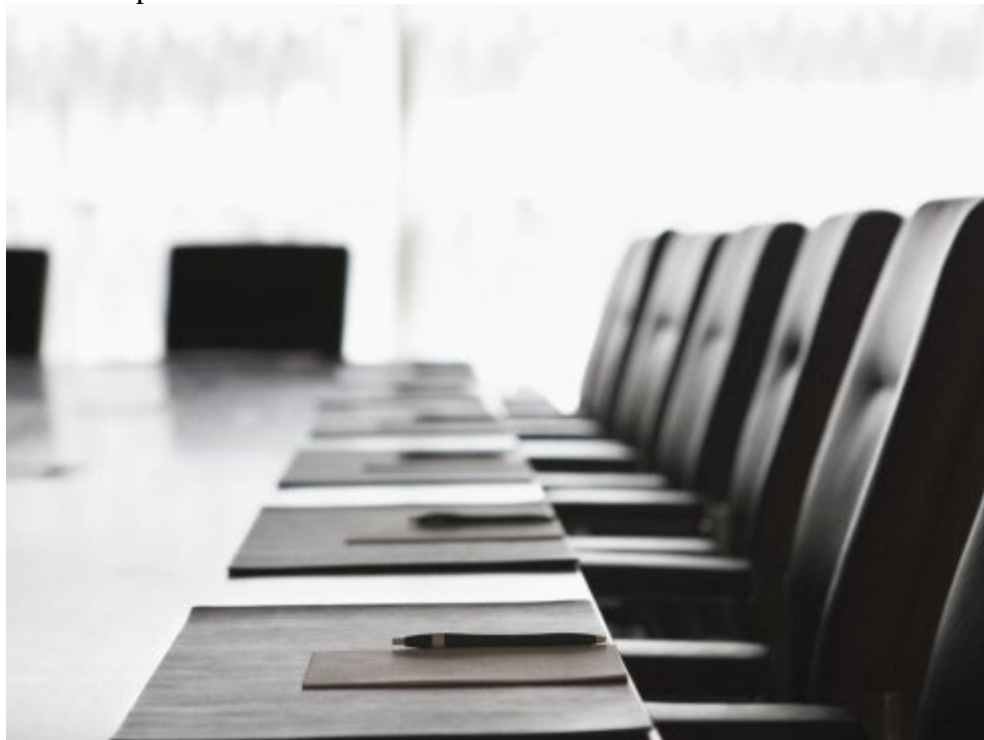


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SEC's Proposed SPAC Rules & Market Reaction



On March 30, 2022, the Securities and Exchange Commission (SEC) proposed rules governing special purpose acquisition companies (SPACs). The proposed rules, issued with 3-1 support from the commission, are intended to enhance investor protections by requiring additional disclosures in SPAC initial public offering (IPO) and de-SPAC transaction filings and by expanding the scope of potential liability under federal securities laws in connection with these transactions.

If adopted, the proposed rules would significantly increase the regulatory burden on all participants in the SPAC process. Indeed, since the release of the proposed rules—which are not likely to be finalized until the end of this year—several financial institutions that have previously acted as both underwriters of SPAC IPOs and the financial advisors in the subsequent de-SPAC transactions have reduced their involvement in the SPAC market.

This article summarizes the key provisions of the proposed rules and the early response of certain market participants, followed by a list of key considerations for those engaging in SPAC transactions while the publication of the final rules remains pending.

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