

Will New SEC Disclosure Rules Impact SPAC and DeSPAC Deal Volume?

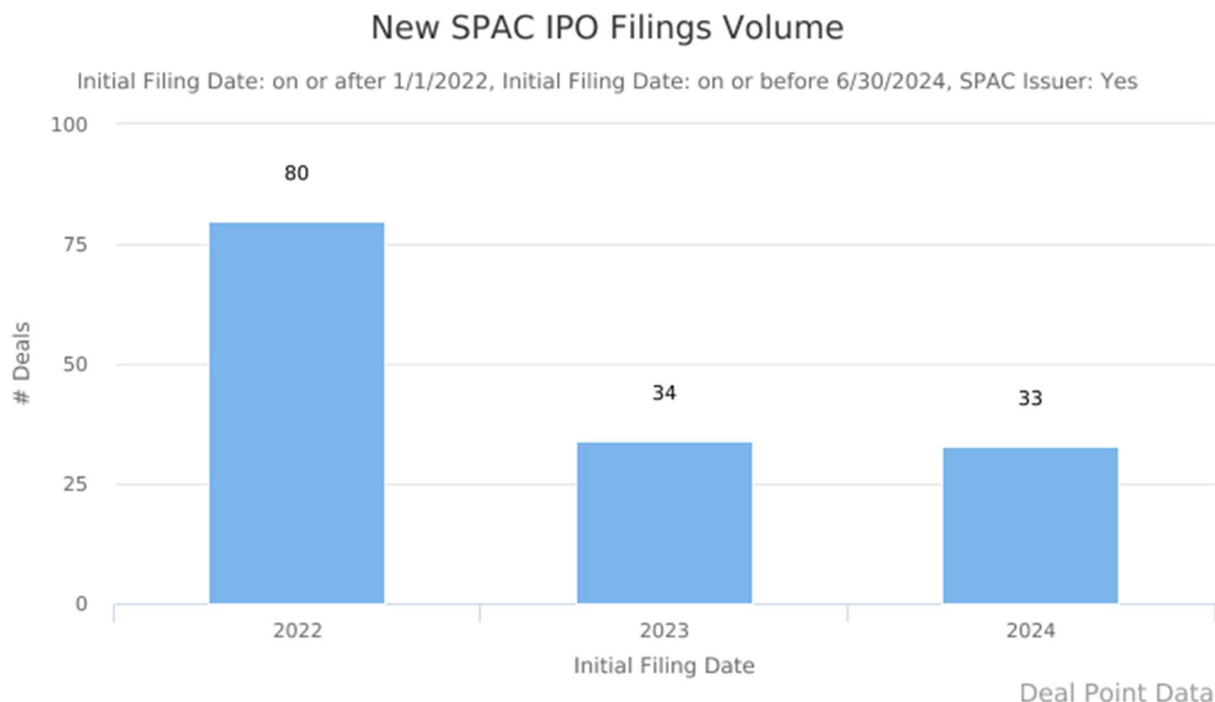
July 9, 2024

Effective July 1, 2024, the new Securities and Exchange Commission (SEC) rules governing SPAC initial public offerings (IPOs) and deSPAC M&A transactions went into effect. These new rules are designed to enhance disclosures and improve investor protections.

A summary of those rule changes can be found at the SEC's website here - <https://www.sec.gov/files/33-11265-fact-sheet.pdf>. We examined the current state of SPAC IPOs and deSPAC transactions to get a sense of the market leading up to these changes going into effect.

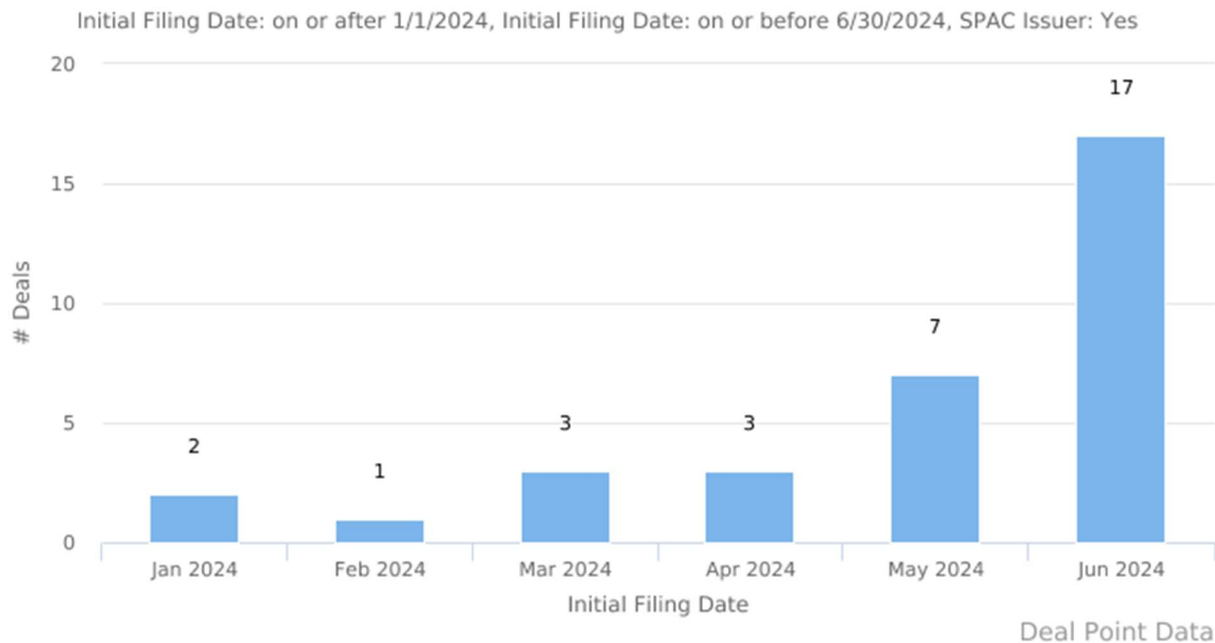
SPAC IPOs

The first key observation is that there have already been nearly as many new SPAC IPO filings in the first half of 2024 as there were in all of 2023. Interestingly, Cantor Fitzgerald & Co. is acting as underwriter on nearly one-third of the SPACs that have filed to go public in the first half of 2024 after acting as underwriter on only 3 SPAC filings in all of 2023.



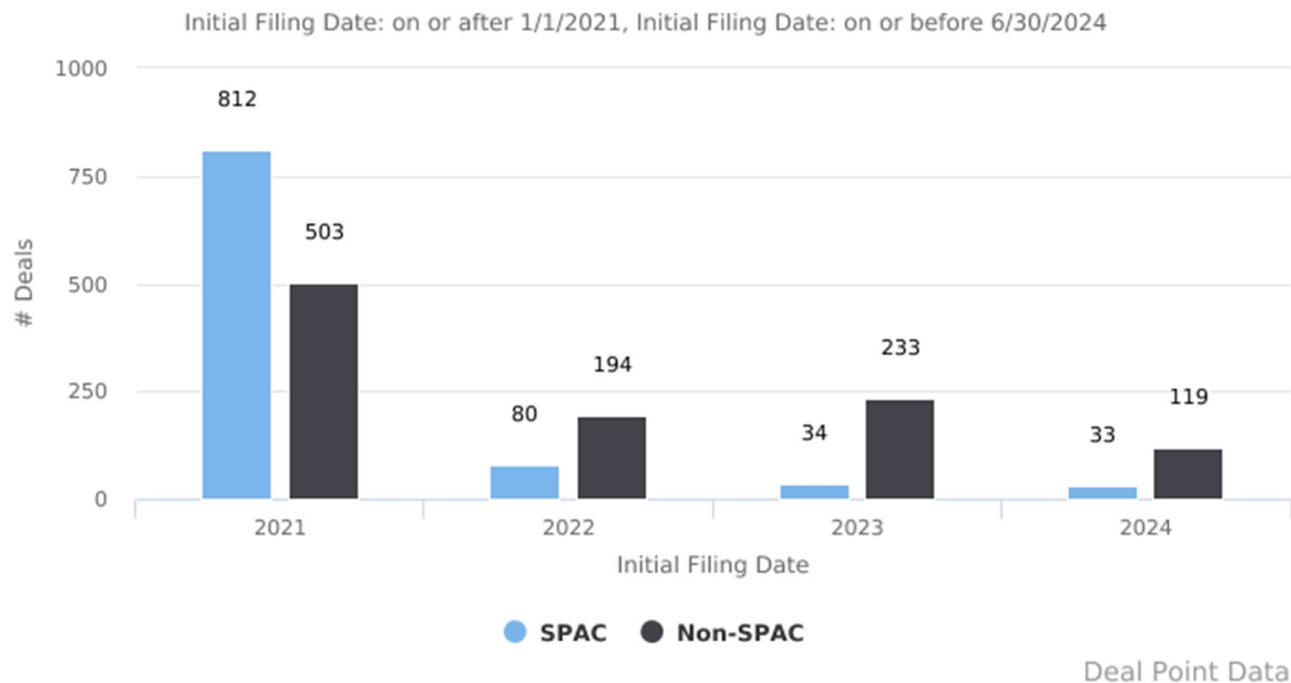
The second observation is that more than half of the new SPAC IPO filings made in 2024 occurred in June, just ahead of the new disclosure rules going into effect. This would indicate that new SPAC issuers were looking to make their filing ahead of the effectiveness of the July 1 rules change. It will be interesting to see how the new rule changes impact the volume of new SPAC IPO filings going forward in 2024.

New SPAC IPO Filings Volume - 2024



Overall, SPAC filings accounted for 28% of new filings through the second quarter of 2024 and continue to account for a relatively small percentage of all new IPO filings as we have seen over the last couple of years.

New IPO Filings Volume - SPACs vs. Non-SPACs



deSPAC Transactions

The volume of deSPAC transactions announced continues to decrease with less than 50% of the number of newly announced deSPAC transactions in the first half of 2024 (44 deals) as compared to the first half of 2023 (92 deals).

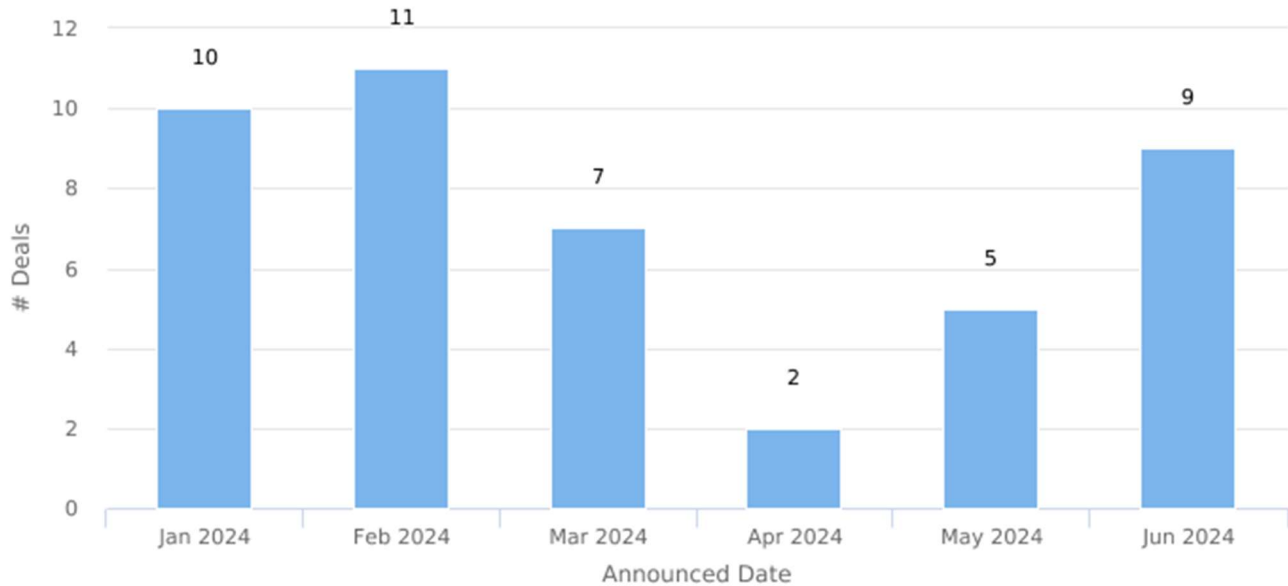
deSPAC Deal Volume



However, there was an uptick in the number of newly announced deSPAC deals in June, 2024 with June's announcements accounting for more than half of all the deSPAC deals announced in the second quarter of 2024.

deSPAC Deal Volume - 2024

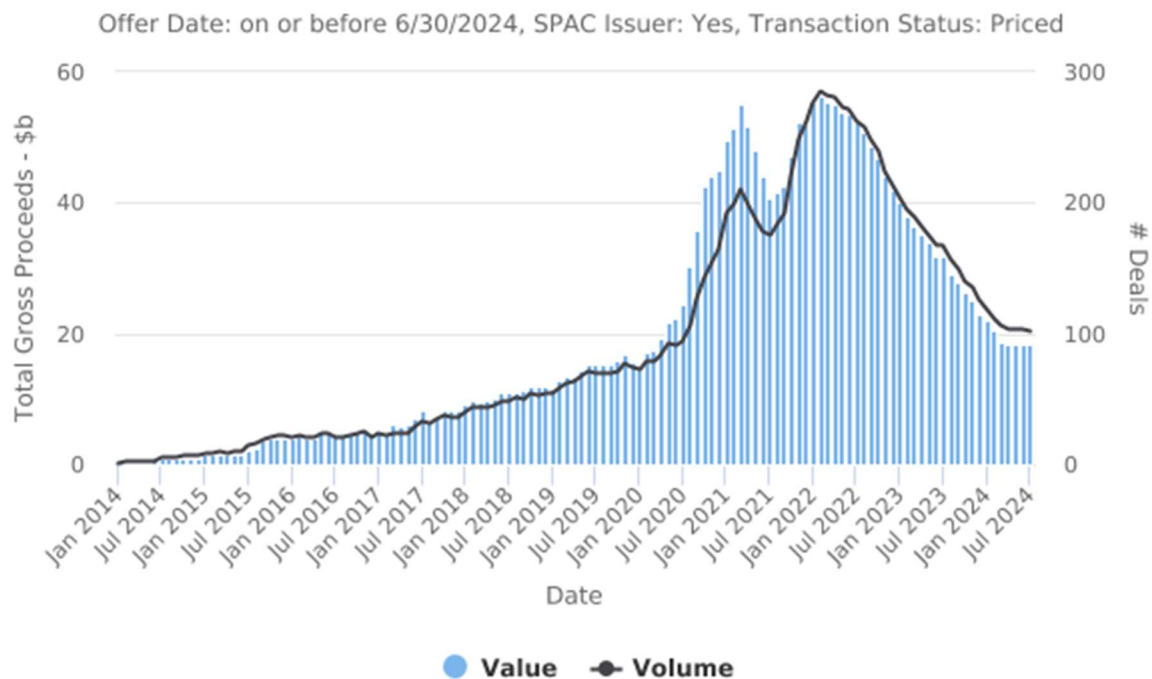
Target Type: Private or Public, Special Purpose Acquisition Company (SPAC): Yes, Announced Date: on or before 6/30/2024



Deal Point Data

Will the new deSPAC disclosure rules impact those SPACs that are currently seeking a target, of which there are currently over 100? We would assume not given the alternative of abandoning the hunt for a target and having to liquidate the SPAC, but time will tell.

SPAC IPOs 'Seeking a Target'



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