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SEC Proposes Extensive Regulations Regarding SPACs

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In the past two years, the U.S. securities markets have experienced an unprecedented surge in the number of initial public offerings ("IPOs") by special purpose acquisition companies ("SPACs"), with SPACs raising more than $83 billion in such offerings in 2020 and more than $160 billion in such offerings in 2021.[1] This surge in SPAC offerings and the increasing use of de-SPAC transactions as a mechanism for private companies to access the U.S. public capital markets have caused the U.S. Securities and Exchange Commission (the "Commission" or "SEC") concern about various aspects of the SPAC structure. Regulators signaled their intent to propose rules governing SPACs in 2021 and, as a result, market participants have labored under a significant regulatory overhang throughout the past year. On March 30, 2022, the Commission voted, three to one, to propose new rules and amendments regarding SPACs, shell companies, and projections disclosure.[2] The proposed rules and amendments, if adopted, could significantly affect key facets of the SPAC market. While the issuance of the proposed rules and the commentary included in the accompanying release affirms the Commission's intent to tighten its oversight of the SPAC industry, the proposed rules pose more questions than they answer. It remains to be seen how the final rules will differ from the proposed rules or what additional clarity the Commission will provide in the adopting release, but as it stands, we anticipate the interpretation of the SPAC rules to take time to settle into a market norm and to give rise to increased shareholder litigation.

Over the past year, the Commission provided formal and informal guidance to SPACs on a number of occasions to address concerns regarding the SPAC structure.[3] In light of these concerns, the Commission's proposed rules are geared at providing investors with greater disclosure, which is intended to enable them to understand the complexities of the SPAC structure and the potential significant financial consequences to them that could stem from a de-SPAC transaction. Armed with a better understanding of the process and additional information regarding a proposed de-SPAC transaction, investors should be able to make better-informed decisions, including regarding their purchases and sales of SPAC securities, their redemption rights, and whether or not to vote for a de-SPAC transaction.[4]

With the release totaling 372 pages, introducing a new sub-part to Regulation S-K and a new article to Regulation S-X, the proposed rules touch many aspects of the SPAC process. Some of the changes are not surprising (i.e., the enhanced disclosure requirements and the loss of the Private Securities Litigation Reform Act of 1995 ("PSLRA") safe harbor for forward-looking statements made in a de-SPAC transaction), and some offer potential solutions (e.g., the proposed safe harbor from the definition of "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act")), but others could herald meaningful changes to the SPAC process, and potentially even cause yet-to-be

determined downstream effects.[5] We will provide a discussion of the aspects of the proposed rule we believe could cause the biggest shake-ups in the SPAC market, followed by a brief overview of the other proposed rules.

Certain Notable Provisions

Fairness of the De-SPAC Transaction[6]

De-SPAC transactions are typically facilitated utilizing a registration statement on Forms S-4 or F-4, a proxy statement, or an information statement. Currently, these forms do not require a SPAC's board of directors to make a determination of the fairness of a de-SPAC transaction and any accompanying financing transactions. While limited disclosure regarding the fairness of a de-SPAC transaction is sometimes included in the underlying disclosure document, it is typically heavily qualified and often does not address in detail the procedural and substantive considerations underlying the SPAC board's rationale. The proposed rules require a statement from a SPAC as to whether it reasonably believes that the de-SPAC transaction and any related financing transaction are fair or unfair to the SPAC's unaffiliated security holders, as well as a discussion of the bases for such statement, to be included in the underlying de-SPAC registration, proxy, or information statement.[7]

The proposed rules would also require disclosure on whether any director voted against, or abstained from voting on, approval of the de-SPAC transaction or any related financing transaction, and if so, identification of the director and, if known after making a reasonable inquiry, such individual's reasons for the vote against the transaction or abstention.[8]

Furthermore, the proposed rules would require the SPAC to discuss in reasonable detail the material factors upon which a reasonable belief regarding the fairness of a de-SPAC transaction and any related financing transaction is based and, to the extent practicable, the weight assigned to each factor. A non-exhaustive list of the factors include: the target company's valuation; any financial projections; any report, opinion, or appraisal obtained from a third party; and the dilutive effects of the de-SPAC transaction and any related financing transaction on non-redeeming SPAC shareholders. Notably, if a third-party opinion, valuation or report is obtained, such documentation will be required to be filed.[9]

Finally, the proposed rules would provide additional disclosure regarding the votes required and obtained in connection with approving a de-SPAC transaction, specifically as to whether:

- approval of the de-SPAC transaction or any related financing transaction by at least a majority of unaffiliated security holders is required;
- a majority of non-employee directors of the SPAC has retained an unaffiliated representative to act solely on behalf of unaffiliated security holders in negotiating the terms of the de-SPAC transaction or any related financing transaction and/or preparing a report concerning the fairness of the de-SPAC transaction or any related financing transaction; and
- the de-SPAC transaction or any related financing transaction was approved by a majority of the non-employee directors of the SPAC.[10]

Key considerations: Although these proposed rules do not specifically require a fairness opinion, it is likely that, if adopted as worded, they would strongly encourage a new market practice of obtaining fairness opinions or other similar third-party reports by SPACs to support their reasonable belief as to the fairness or unfairness of a de-SPAC transaction or any related financing transaction. It would then remain to be seen (i) which financial advisors would be willing, in light of the evolving risk profile to

financial advisors in connection with de-SPAC transactions and related financing transactions, to provide such fairness opinions or other reports, and (ii) whether, more broadly, the costs and risks of complying with these requirements would discourage de-SPAC transactions. In addition, it is unclear whether the rationale behind providing a fairness determination in the de-SPAC context would be further construed to apply in the context of other mergers, which are not currently subject to such requirements. Moreover, the proposed rule arguably introduces a new standard with respect to a determination of the fairness of a transaction. In "going-private" transactions, the subject company (i.e., the public company that will cease to be a publicly traded or reporting company as a result of the transaction) is required to state whether it reasonably believes that the transaction is fair or unfair to unaffiliated shareholders. The applicable rule outlines various factors that the subject company may have considered in determining fairness and that are intuitively relevant to a publicly traded operating company in making that determination. In the context of a de-SPAC transaction, however, the proposed rule raises a number of questions as to how a SPAC should determine the fairness of the transaction where there is no operating business and shareholders have the right to "put" their shares back to the SPAC.

Expansion of Statutory Underwriter Status in a De-SPAC Transaction[11]

The proposed rules seek to expand statutory underwriter liability within the meaning of Section 2(a)(11) of the Securities Act of 1933, as amended (the "Securities Act"), in the context of a de-SPAC transaction. The Commission considers and federal courts have found that a party can be deemed a statutory underwriter if it undertakes activities like "selling 'for an issuer,' and/or directly or indirectly 'participating' in a distribution by engaging in activities 'necessary to the distribution' or in 'distribution related activities'," regardless of whether such parties were compensated for their activities, have privity of contract with the issuer, or sell to the public directly.[12] Currently, the term "distribution" is not statutorily defined, and in the release, the Commission takes the position that the "substance of a de-SPAC transaction is, in many ways, analogous to the distribution that occurs in a traditional IPO" and accordingly is how the securities of a private target "are distributed" to the shareholders of the combined company.[13] Utilizing this premise, the Commission believes that investors should be afforded the same care and diligence exercised in a traditional IPO in the de-SPAC context.[14 / 15] Accordingly, the proposed rules provide that a person who has acted as an underwriter in a SPAC IPO and participates in the distribution of securities by taking steps to facilitate the de-SPAC transaction, or any related financing transaction, or otherwise participates (directly or indirectly) in the de-SPAC transaction will be deemed to be engaged in the distribution of the securities of the post-business combination company in a de-SPAC transaction within the meaning of Section 2(a)(11) of the Securities Act.[16] By deeming qualifying SPAC IPO underwriters to be "statutory underwriters" in the de-SPAC context, the Commission thereby incentivizes them to conduct ample due diligence on the de-SPAC disclosure documentation in order to establish a due diligence defense for material misstatements or omissions in such documents.[17]

In light of the expanded liability for certain SPAC IPO underwriters under the proposed rule, the attendant question is what does it mean to "take steps to facilitate" or "otherwise participate" in a de-SPAC transaction? The Commission notes that although SPAC IPO underwriters are not retained to act as firm commitment underwriters in the de-SPAC transaction, they could be deemed to "take steps to facilitate" the transaction by participating in activities that are necessary to the "distribution" of securities. For example, participating in the de-SPAC transaction as a financial advisor to the SPAC or engaging in activities necessary to the completion of the de-SPAC distribution such as "identifying potential target companies, negotiating merger terms, or finding investors for and negotiating PIPE investments" could cause a SPAC IPO underwriter to be deemed a statutory underwriter for de-SPAC purposes.[18] Additionally, the Commission states that the receipt of compensation in connection with the de-SPAC transaction could constitute direct or indirect participation in the de-SPAC transaction, noting

(i) that a significant portion of SPAC IPO underwriting fees (typically 3.5% of IPO proceeds) is deferred until, and conditioned upon, the completion of the de-SPAC transaction, and (ii) a SPAC IPO underwriter therefore typically has a strong financial interest in taking steps to ensure the completion of a de-SPAC transaction. Given the current standard fee structure for SPAC IPO underwriters, it is unclear whether all SPAC IPO underwriters could be considered statutory underwriters for de-SPAC purposes simply by virtue of deferring their underwriting fees in the absence of any additional involvement in the de-SPAC transaction.[19]

The Commission further notes that (i) federal courts and the Commission may find that other parties involved in securities distributions, including other parties that perform activities necessary to the successful completion of de-SPAC transactions, are "statutory underwriters" within the definition of underwriter in Section 2(a)(11); and (ii) financial advisors, PIPE investors, or other advisors may be deemed statutory underwriters in connection with a de-SPAC transaction if they are purchasing from an issuer "with a view to" distribution, are selling "for an issuer," and/or are "participating" in a distribution.[20]

Key considerations: If these proposed rules are adopted as worded, the risk profiles of key participants in the SPAC lifecycle could significantly increase, which could thereby drive increased costs throughout the process. SPAC IPO underwriters will have considerably higher exposure to securities-related enforcement actions and litigation going forward and would therefore be willing to participate in a de-SPAC transaction, or any related financing transaction, only if they are able to conduct due diligence in connection with such transaction, which would increase the costs and prolong the timing of a de-SPAC transaction and any related financing transactions. Whether and how a SPAC IPO underwriter could conduct adequate due diligence to sustain a due diligence defense in a transaction in which it otherwise has limited participation remains to be seen. Further, SPAC IPO underwriters may choose not to defer SPAC IPO underwriting fees in an effort to divorce the SPAC IPOs from de-SPAC transactions, thereby potentially increasing the at-risk capital needs of a SPAC IPO for SPAC sponsors. Either way, it is likely that engagement letters with SPAC IPO underwriters will need to be reviewed closely. Moreover, potential investors may choose not to invest in PIPEs related to de-SPAC transactions to avoid any risk of being deemed statutory underwriters, which could endanger the ability of a SPAC to get a deal done. In aggregate, these consequences could strongly discourage SPAC activity by market participants.

It is questionable whether the Commission's interpretation that securities issued in the SPAC lifecycle only "come to rest" in the hands of the combined company's shareholders following the consummation of a business combination will hold up to potential (and almost certain) litigation. More specifically, the Commission departs significantly from historical interpretations of statutory underwriter that turn on the role of the ostensible underwriter in actual sales of securities. In a de-SPAC transaction, the issuer issues the share consideration to investors directly under the terms of the business combination for which the ostensible underwriter does not function as an intermediary locating and selling shares to investors. If the premise does hold up under court scrutiny, it is unclear whether it will be further extrapolated by the plaintiffs' bar to spur litigation in other contexts.

Enhanced Projection Disclosure[21]

The Commission has expressed concern that target companies are disclosing projections that may lack a reasonable basis.[22] As SPACs currently seek to avail themselves of the protections of the PSLRA in connection with forward-looking statement disclosure, including projections, the Commission believes them to be inadequately incentivized to give adequate attention to the reliability of projections provided.[23]

In light of this concern, the Commission proposes to amend Item 10(b) of Regulation S-K, which would continue to state that projected financial information included in filings subject to Item 10(b) must have a reasonable basis, to also provide for the following:

- projections not based on historical financial results or operational history must be clearly distinguished from projected measures that are based on historical financial results or operational history;
- projections that are based on historical financial results or operational history should be given equal or greater prominence than projections not based on such; and
- projections that include a non-GAAP financial measure should include a clear definition or explanation of the non-GAAP measure, a description of the GAAP financial measure most closely related to it, and an explanation why the non-GAAP financial measure was used in lieu of a GAAP measure.[24]

Item 10(b), as currently written, refers to projections regarding future performance provided by the "registrant." As the target company is currently not the registrant for filings filed by the SPAC, the Commission proposes to amend Item 10(b) to state that its rules apply to any projections of future economic performance included in the registrant's SEC filings.

The proposed rules also include a new rule, which would require registrants to provide the following disclosure in connection with a de-SPAC transaction:

- regarding the purpose for which any projections were prepared, and the party that prepared such projections;
- all material bases and assumptions underlying the disclosed projections, as well as any factors that may materially impact such assumptions (including a discussion of any factors that may cause the assumptions to no longer be reasonable, the use of material growth rates or discount multiples, and the reasons for selecting such growth rates or discount multiples); and
- as of the filing date, whether the projections still reflect view of the SPAC or target company management, as applicable; if not, then registrants should include a discussion of why the projections have still been disclosed and the reasons for any continued reliance on the projections by the SPAC or target company management or board.[25]

Key considerations: If adopted as worded, these proposed rules may discourage SPAC management and boards from relying upon certain financial projections, especially projections that are frequently subject to change in light of market conditions, in de-SPAC transactions, as registrants would need to include a discussion justifying why such projections have still been disclosed and the reasons for any continued reliance thereon. More generally, in light of the increased scrutiny on projections, registrants may choose to steer clear of making certain market-related projections and instead point to, if available, third-party expertized projections.

Overview of Other Proposals

Enhanced Disclosures

The Commission proposes requiring additional disclosure in SPAC IPOs and de-SPAC transactions regarding the sponsor of the SPAC, potential conflicts of interest, and dilution of shareholder interests.[26]

The proposed rules would provide investors with additional information regarding the experience of, material roles played by, responsibilities of, compensation paid to, and limitations on sales of securities by the sponsor, its affiliates, and any SPAC promoters, and inform investors of material conflicts of interest between such parties and non-affiliated shareholders.[27] Interestingly, the proposed rules call for disclosure geared at highlighting the potential conflicts of interest among SPAC shareholders and SPAC sponsors, directors, and officers where the sponsors, directors, and officers sponsor or manage multiple SPACs at one time.[28] The proposed rules also work to highlight the potential dilution SPAC shareholders might experience throughout the lifecycle of the entity by requiring additional disclosure, including a sensitivity analysis in tabular format showing potential dilution using a range of reasonably likely redemption levels.[29]

Aligning de-SPAC Transactions with Traditional IPOs

The proposed rules generally seek to align de-SPAC transactions with traditional IPOs through treating a de-SPAC transaction as an offering of the SPAC's and the target's securities.[30] For example, the Commission proposes to require a target company in a de-SPAC transaction to be treated as a co-registrant when a SPAC files a registration statement in connection with the de-SPAC transaction. This amendment would have the effect of making the target officer and director signatories to the registration statement subject to liability for material misstatements or omissions in the registration statement, thereby motivating them to review more closely the disclosure in the registration statement.[31] This amendment would also require similar information regarding the target company in a de-SPAC transaction as appears in a registration statement on Form S-1 filed in the context of a traditional IPO *before* the target company becomes public rather than through the Current Report on Form 8-K required to be filed *after* the completion of a de-SPAC transaction (commonly referred to as the "Super 8-K").[32]

Further leveling the playing field between SPACs and traditional IPOs, the Commission proposes to include SPACs in the definition of "blank check company" for purposes of the PSLRA, thereby eliminating a SPAC's ability to rely on the PSLRA safe harbor for forward-looking disclosure in de-SPAC transactions, which would capture the projections often disclosed in the de-SPAC documentation.[33/34] The Commission expects that this change will work to encourage additional care in connection with the preparation of projections and other forward-looking statements in the de-SPAC context.[35]

The proposed rules would also require a re-determination of "smaller reporting company" status following the consummation of a de-SPAC transaction and prior to the time the post-business combination company makes its first SEC filing, other than the Super 8-K.[36] The rationale behind this proposed change is that a post-business combination company should not be allowed to rely on the scaled disclosure and other accommodations available to smaller reporting companies if the acquired target company would not have otherwise been able to avail itself of such benefits if it went public via a traditional IPO.[37]

Finally, in order to provide shareholders with meaningful time to digest the disclosure information presented, the Commission proposes to require that disclosure documents in de-SPAC transactions generally be disseminated to investors at least 20 calendar days in advance of a shareholder meeting or the earliest date of action by consent.[38/39]

Business Combinations Involving Shell Companies

The proposed rules and amendments would deem a business combination to involve a sale of securities to the SPAC shareholders for purposes of the Securities Act. The change aims to afford all SPAC shareholders the same disclosure and liability projections, regardless of the transactional structure

utilized in the business combination.[40] The Commission also proposes aligning the financial statement requirements for the target company in a de-SPAC transaction with those in a traditional IPO so that investors are provided the same financial statement disclosure regardless of the means by which a company decides to go public.[41]

Investment Company Act Safe Harbor

The Commission proposes creating a non-exclusive safe harbor from the definition of "investment company" under the 1940 Act that would be available to qualifying SPACs, provided that conditions regarding the SPAC's asset classes, activities, primary engagement, and duration meet certain limits prescribed therein.[42] This change is welcome to the SPAC industry in light of shareholder derivative litigation asserting SPACs are investment companies under the 1940 Act, and the adverse response to such litigation showcased by a letter signed by over 60 of the nation's leading law firms.[43] Notably, in order to rely on the safe harbor, a SPAC would need to enter into a definitive business combination agreement within 18 months after its IPO and close the transaction within 24 months. While a SPAC that does not fit squarely within the conditions of the safe harbor will not automatically be deemed an "investment company," issuers might prefer to reduce risk by relying on the safe harbor. Industry-wide reliance on the safe harbor would therefore have the effect of shortening the time in which a SPAC has to identify a target for its business combination and negotiate a definitive agreement, which could drive increased competition among SPACs.

Next Steps for Proposed Rules

The proposed rules are subject to the public comment period, during which the Commission will accept written comments from members of the public through 30 days after the date of publication in the Federal Register or May 31, 2022, whichever is later. Submitted comments will be considered, and the proposed rules may be further revised. The Commission will then vote on final rules, and any adopted rule will include the applicable effective date.

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[1] Special Purpose Acquisition Companies, Shell Companies, and Projections, Securities Act Release No. 33-11048; Investment Company Act Release No. IC-34549 (proposed Mar. 30, 2022) [hereinafter *Proposed Rule*], at p. 8, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[2] *Open Meeting Agenda – March 30, 2022*, U.S. SECURITIES AND EXCHANGE COMMISSION (Mar. 23, 2022).

[3] Twice last year the Commission provided accounting guidance, which had the impact of tightening the rules related to SPACs: (1) the Commission issued the Staff Statement on Accounting and Reporting Considerations for Warrants Issued by SPACs, which suggested that many SPACs should be classifying their warrants as liability rather than as equity; and (2) the staff informally provided guidance to auditors that the redeemable shares issued by SPACs must be treated as temporary equity instead of permanent equity. In September 2021, two of the Commission's committees expressed their apprehension regarding SPACs, including whether sponsor and target companies have engaged in "regulatory arbitrage" by using the de-SPAC transactions as a path to the public market, issues with the potential dilutive effects throughout the SPAC lifecycle to non-affiliated shareholders, and the potential problematic use of projections in de-SPAC disclosure documentation. Both committees recommended that the Commission regulate SPACs more intensely.

[4] Proposed Rule*, supra* note 1, at p. 313, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[5] Proposed Rule*, supra* note 1, at p. 18-22, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[6] Proposed Rule*, supra* note 1, at p. 52-53, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[7] Proposed Rule*, supra* note 1, at p. 52, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[8] Proposed Rule*, supra* note 1, at p. 52, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[9] Proposed Rule*, supra* note 1, at p. 53, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[10] Proposed Rule*, supra* note 1, at p. 53, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[11] Proposed Rule*, supra* note 1, at p. 87-98, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[12] Proposed Rule*, supra* note 1, at p. 91-92, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[13] Proposed Rule*, supra* note 1, at p. 95, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[14] Proposed Rule*, supra* note 1, at p. 96, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[15] The effect of a participant's underwriter status is to subject it to potential liability for material misstatements and omissions under Sections 11 and 12 of the Securities Act. It is such potential liability, and the availability of a due diligence defense, that drives the careful due diligence and disclosure review conducted by underwriters in a traditional IPO.

[16] Proposed Rule*, supra* note 1, at p. 96, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[17] Proposed Rule*, supra* note 1, at p. 96, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

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[18] Proposed Rule, *supra* note 1, at p. 97, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[19] Proposed Rule, *supra* note 1, at p. 97-98, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[20] Proposed Rule, *supra* note 1, at p. 98, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[21] Proposed Rule, *supra* note 1, at p. 129-134, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[22] Proposed Rule, *supra* note 1, at p. 131, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[23] Proposed Rule, *supra* note 1, at p. 128, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[24] Proposed Rule, *supra* note 1, at p. 130-131, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[25] Proposed Rule, *supra* note 1, at p. 133-134, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[26] Proposed Rule, *supra* note 18, at p. 133-134, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[27] Proposed Rule, *supra* note 1, at p. 29-30, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[28] Proposed Rule, *supra* note 1, at p. 33, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[29] Proposed Rule, *supra* note 1, at p. 37-39, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[30] Proposed Rule, *supra* note 1, at p. 64-66, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[31] Proposed Rule, *supra* note 1, at p. 76-77, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[32] Proposed Rule, *supra* note 1, at p. 67-68, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[33] Proposed Rule, *supra* note 1, at p. 84, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[34] Under the current rules, the PSLRA is not available for forward-looking statements made in an IPO or by a blank check company.

[35] Proposed Rule, *supra* note 1, at p. 82-83, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[36] The "super Form 8-K" contains Form 10 information regarding the private operating company acquired by the SPAC and is required to be filed within four business days of the consummation of the business combination.

[37] Proposed Rule, *supra* note 1, at p. 79, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[38] Proposed Rule, *supra* note 1, at p. 71, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[39] If the maximum period for disseminating such disclosure documents permitted under the applicable laws of the SPAC's jurisdiction of incorporation or organization is less than 20 calendar days, the maximum dissemination period allowed by such jurisdiction's law would apply. Proposed Rule, *supra* note 1, at p. 71, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[40] Proposed Rule, *supra* note 1, at p. 106, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[41] Proposed Rule, *supra* note 1, at p. 112, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[42] Proposed Rule, *supra* note 1, at p. 141-143, https://www.sec.gov/rules/proposed/2022/33-11048.pdf.

[43] 49 of the Nation's Leading Law Firms Respond to Investment Company Act Lawsuits Targeting the SPAC Industry, Aug. 27, 2021, available at: https://www.paulhastings.com/news/49-of-the-nations-leading-law-firms-respond-to-investment-company-act; Over 60 of the Nation's Leading Law Firms Respond to Investment Company Act Lawsuits Targeting the SPAC Industry, Aug. 27, 2021, available at: https://www.ropesgray.com/en/newsroom/alerts/2021/August/49-of-the-Nations-Leading-Law-Firms-Respond-to-Investment-Company-Act-Lawsuits.