

The SEC Issues Guidance Regarding SPACs

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Special Purpose Acquisition Companies (“**SPACs**”) experienced an increase in popularity in 2020 and have proceeded on a record filing pace into 2021. This popularity has been in both the initial public offering (“**IPO**”) context and the acquisition context. The Securities and Exchange Commission (the “**SEC**”) has recently issued a string of guidance regarding (i) certain issues relating to SPACs and (ii) accounting and reporting considerations for warrants issued by SPACs, which guidance should be taken into consideration by both the initial SPAC registrant and private operating companies considering a transaction with a SPAC.

Accounting, Financial Reporting and Governance Issues

On March 31, 2021, the SEC issued a staff statement addressing certain accounting, financial reporting and governance issues for private operating companies contemplating a business combination with an existing SPAC (available [here](#)). This guidance largely reminds issuers and acquisition targets of securities law limitations imposed upon companies that were formerly a shell company.

Read the full alert [here](#).