

Update: SPAC Momentum Continues in Europe with Further Listings in Amsterdam and Frankfurt and Reform in London

September 2021

Since our publication in March (US SPAC Boom Spreads to Europe), the SPAC market in Europe has continued to grow, with nearly 30 SPACs listed so far in 2021. Euronext Amsterdam has been taking the lead with over 40% of the European SPAC listings, along with three on the Frankfurt Stock Exchange. In London, the Financial Conduct Authority has published its final policy statement in relation to the SPAC regime, which came into force on 10 August and looks set to encourage SPAC listings in London, with several in preparation and more being discussed.

We have updated the table which we published in March to show current trends in the features of SPACs that have listed in Amsterdam and Frankfurt, with a comparison to the typical SPAC structure in the United States. We have also included updates for how the structure has been used for London SPAC listings historically and where the requirements set out in the FCA's recent policy statement impact that structure. We expect London market practice to change going forward to largely mirror that in other jurisdictions.

Among the four jurisdictions, Frankfurt and the US are the most similar. For a Frankfurt-listed SPAC, entities organized in Luxembourg or The Netherlands have recently been used to resemble the US SPAC structure. In addition, the Frankfurt Stock Exchange has introduced listing rules specifically for SPACs to make it easier for them to list in Frankfurt.

The Amsterdam SPACs frequently follow the same basic outline as the US and Frankfurt SPACs, sometimes with differences as described below. The more recent listings in Amsterdam are now increasingly making use of the flexibility provided under Dutch law to more closely mirror the US model as compared to the terms adopted in the first three Amsterdam listings. While Dutch law does not have rules that apply specifically to SPACs only, Dutch law allows even further flexibility to entities formed as a BV.¹

We discuss below key differences among the different listing jurisdictions. We have also included the features that a UK SPAC will need to have in order for the FCA to (generally) be satisfied that suspension of the SPAC's share listing is not required on announcement of a de-SPAC transaction.

In addition to the listing jurisdictions, the jurisdiction in which European SPAC vehicles are incorporated – which is not necessarily the same jurisdiction in which the SPAC is listed – will impact the availability of the typical features of US SPACs. We discuss below the common incorporation jurisdictions for SPACs listing on the European exchanges and, in the Appendix, we have included a comparison of the relative advantages of the most common jurisdictions in which SPACs are incorporated.

Shareholder Approval

- **United States:** In the United States, SPAC business combinations generally require the approval of a majority of the votes cast, and the sponsor may vote its shares.

¹ Dutch companies can be formed as either NVs (which is typically used for listed companies) or BVs (which is typically used for privately held companies). BV law is even more flexible than NV law. SPACs are listed companies but can be formed as BVs.

- **Frankfurt** (assuming a Luxembourg-organized entity): In the recent SPAC listing in Frankfurt, the business combination requires the approval of a majority of the votes validly cast, and the sponsors/founders may vote their shares. The listing rules of the Frankfurt Stock Exchange permit any structure where assets are held in trust and a 50% shareholder majority determines the use of such assets, and the sponsors/founders are permitted to vote their shares.
- **Amsterdam**: In SPAC listings in Amsterdam, the business combination requires approval of either (i) 70% of the votes cast, provided a quorum of (at least) 33%-50% of the shares outstanding is represented, or (ii) approval of more than 50% of the votes cast, typically without any quorum requirements. As a matter of Dutch law, for NVs the business combination only requires the approval of more than 50% of the votes cast, and for BVs there is no explicit rule specifying a percentage vote requirement. Regarding the voting of founder shares, in the first three listings in Amsterdam SPAC sponsors were not permitted to vote their founder shares, but Dutch law does not prohibit SPAC sponsors from voting their founder shares, and in subsequent listings SPAC sponsors have been permitted to vote.
- **London**: Historically SPACs listed on London's standard listing segment have not required shareholder approval for an acquisition. This will now be required for a SPAC to benefit from the FCA's new approach. In addition, the acquisition will require board approval, excluding from the board discussion and vote any director that is, or has an associate that is, a director of the target or its subsidiaries, or has a conflict of interest in relation to the target or its subsidiaries.

Voting/Redeeming

- **United States**: In the United States, shareholders can redeem whether or not they vote for or against the business combination (and whether or not they vote at all).
- **Frankfurt**: As in the United States, shareholders can redeem their shares irrespective of their participation and vote at a shareholders' meeting for the purpose of approving the business combination (and whether or not they vote at all).
- **Amsterdam**: In SPAC listings in Amsterdam earlier this year, a shareholder of a SPAC was permitted to redeem its shares only if the shareholder voted against the business combination. However, in many of the more recent Amsterdam listings, shareholders can redeem whether or not they vote for or against the business combination.
- **London**: As in the United States, there is flexibility to allow for shareholders to have a complete redemption right subject to the SPAC, if it is incorporated in the UK, having sufficient distributable reserves to fund redemptions. English company law provides a straightforward process to generate such reserves through a reduction of capital. To benefit from the FCA's new approach, SPACs will need to include this redemption option feature.

Shareholder Redemptions

- **United States**: In the United States, up to 100% of the SPAC's shares can be redeemed by shareholders in connection with the business combination (so long as the SPAC at all times has minimum net tangible assets of at least \$5 million).
- **Frankfurt**: Similar to the United States, in the recent SPAC listing in Frankfurt, up to 100% of the SPAC's public shares can be redeemed by shareholders upon the completion of the business combination (subject to the availability of amounts on deposit in the escrow account and sufficient distributable reserves).
- **Amsterdam**: Under Dutch law, a listed NV cannot redeem more than 50% of its shares. As a result, in some SPAC listings, no more than 30% or 49% of the shares can be redeemed, as in these listings only shareholders voting against the business combination are eligible to have their shares redeemed, and the business combination requires the approval of 70% or 51% of the votes cast, respectively. However, if a SPAC is listed as a BV, the 50% cap on redemptions does not apply under Dutch law and the company can redeem an amount of shares up to the amount of its statutory reserves. In more recent Amsterdam listings, voting against the business combination does not preclude redemption, and SPACs listed as BVs are therefore able to redeem a number of shares up to the amount of their statutory reserves.

- London: As noted above, there is flexibility to follow the typical US structure in this regard, which will be required in order to benefit from the FCA's new approach to suspension.

Sponsor Promote

- United States: In the United States, the sponsor promote is typically equal to 20% of the SPAC's shares outstanding, although some sponsors have taken a lower percentage.
- Frankfurt: In the recent SPAC listing in Frankfurt, the sponsor promote was equal to 20% of the SPAC's shares outstanding.
- Amsterdam: In the most recent SPAC listings in Amsterdam, the sponsor promote was 20% of the SPAC's shares outstanding. In previous listings, sponsors acquired approximately 8% - 30% of the SPAC's shares. There is an inherent limit on sponsor ownership of 30% for SPACs listed as NV's due to the application of mandatory bid procedures which apply at 30% ownership. Pursuant to Dutch/EU law, any shareholder who directly or indirectly obtains 30% of the shares in a Dutch listed NV is required to make a public offer for the remaining outstanding shares (unless waived by a shareholders' resolution with 90% approval of the votes cast by shareholders other than the acquiror). If the SPAC is listed as a BV, however, this 30% cap does not apply.
- London: Sponsors in the past have commonly subscribed for a class of founder preferred shares, entitling them to an annual dividend amount (payable in shares or cash) subject to a share value hurdle being met. The economics of these terms can be flexible. Proposed UK SPACs following the change to the FCA's approach are likely, however, to structure the sponsor promote as an entitlement to further listed shares in the SPAC, mirroring the market practice in the United States and in recent Dutch and German SPAC listings.

Warrants

- United States: In the United States, all of the warrants are issued to shareholders when the IPO closes as part of the unit sold in the IPO.
- Frankfurt: Mirroring the US practice, in the recent SPAC listing in Frankfurt, all of the warrants were issued to shareholders at closing of the IPO.
- Amsterdam: In the first three SPAC listings in Amsterdam, half of the warrants were issued to shareholders when the IPO closed, and the other half were to be issued when the de-SPAC business combination closes (to whomever then owns the shares sold in the IPO). However, the recent listed SPACs mirror the customary US practice by issuing all warrants (subject to fractions) to shareholders at the closing of the IPO.
- London: Historically ordinary shares were issued with 1/3 matching warrants to all shareholders to purchase shares at \$11.50 (or £11.50) each. This structure is likely to continue going forward, since it mirrors practice in the United States – if possible, with stapled units being issued at Admission, consisting of one share and one-third of a warrant, with separation taking place after the stabilisation period. The ability to do this in compliance with the Listing Rules is currently under discussion with the FCA. Also as in the U.S., the warrants may be redeemable at very low prices if the SPAC's listed share price reaches pre-determined levels.

Underwriting Fee

- United States: The typical underwriting fee for a SPAC in the US is 5.5% of the IPO proceeds, with 2% paid in cash at the closing of the IPO and 3.5% paid when the business combination closes.
- Frankfurt: In the recent SPAC listing in Frankfurt, the underwriting fee for the SPAC amounted to 4% of the IPO proceeds, with 2% paid in cash at the closing of the IPO and 2% paid when the business combination closes. Furthermore, a deferred discretionary fee of up to 1.5% upon closing of the business combination was agreed.
- Amsterdam: In Amsterdam, the typical underwriting fee for a SPAC is between 3.25% - 5.5%, with 1.5% - 2% payable in cash at the closing of the IPO and 1.75% - 3.5% payable when the business combination closes.
- London: A typical underwriting fee is around 2-3% of the proceeds generated in the IPO, excluding shares subscribed for by the sponsor, payable on completion of the IPO. There is flexibility to include separate fees on completion of the de-SPAC transaction. To benefit from the FCA's new approach, the SPAC must ring-fence

proceeds raised in the IPO to either fund an acquisition, or to be returned to shareholders (in the event of investors redeeming shares or if a SPAC winds-up), less any amounts specifically agreed to be used for a SPAC's running costs. These running costs may include deferred underwriting fees.

Target Size

- **United States:** In the United States, the target or targets must have an aggregate fair market value equal to at least 80% of the value of the assets held in the trust account at the time of signing a definitive agreement. SPACs may acquire more than one target.
- **Frankfurt:** Frankfurt does not have such an 80% rule. Frankfurt listed SPACs are generally free in their choice of target and can also choose to acquire multiple targets. For the purpose of providing guidance to investors, the recently listed Frankfurt SPAC has provided a non-exhaustive list of guidelines which apply to the SPAC's expected selection and evaluation of prospective target companies.
- **Amsterdam:** Similar to Frankfurt, in Amsterdam there is no 80% rule. Dutch SPACs are free in their choice of target and can choose to acquire multiple targets. For the purpose of providing guidance to investors, the listed Dutch SPACs have provided a non-exhaustive list of guidelines which apply to the SPAC's expected selection and evaluation of prospective target companies.
- **London:** There is no target size restriction. To benefit from the FCA's new approach, the SPAC must publish a 'fair and reasonable' statement if any of the SPAC's directors have a conflict of interest in relation to the target or any of its subsidiaries, and to reflect advice from an appropriately qualified and independent adviser.

Time Limit

- **United States:** Most deals require the SPAC to consummate its acquisition within 24 months of the IPO, though sometimes the time limit is shorter (12 months, 18 months or 21 months). Some deals provide for an automatic extension to 27 or 30 months if an agreement for a business combination is in place within 24 months.
- **Frankfurt:** As in the US, 24 months is most typical. Some deals will provide an automatic extension to 27 months if an agreement for a business combination is in place within 24 months.
- **Amsterdam:** As in the US, 24 months is most typical. Some deals provide for an extension to 30 months subject to receipt of shareholder approval.
- **London:** In order to benefit from the FCA's new approach, there must be a time limit to find and acquire a target within two years of admission to listing, subject to extension by 12 months with shareholder approval. This two / three-year operating period can be extended by six months without a shareholder vote in certain limited circumstances where a transaction is well-advanced (for example, where time is needed to finalise the shareholder approval process or to complete a transaction that shareholders have approved).

It is important to consider whether local regulations, other than securities laws, apply to any proposed SPAC listing, particularly since a breach of some of these regulations can carry criminal sanctions. In Europe this will include the Alternative Investment Fund Managers Directive. Factors in the structuring of the transaction will be relevant to that regulatory analysis, including whether the SPAC has a defined investment policy, whether the SPAC pursues a general commercial or industrial purpose but also how regulators ultimately qualify SPACs. No individual or harmonized approach or guidance has been provided by any European regulator although, in the UK, the FCA has noted in its recent policy statement that it is not its intention that the changes to their approach and the criteria for them to apply should bring a SPAC within the scope of the UK Alternative Investment Fund rules.





The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, issued a public statement on 15 July 2021 on the prospectus disclosure and investor protection issues raised by SPACs and in particular on how issuers should satisfy the specific disclosure requirements of the EU Prospectus Regulation to enhance the comprehensibility and comparability of SPAC prospectuses. ESMA specifically addressed the level of disclosure which SPACs should provide in their IPO listing prospectus regarding the future business combination. According to ESMA,





the SPAC's IPO listing prospectuses should contain a detailed description of the disclosure that the issuer will provide in the future for the shareholders' meeting about the target company and the envisaged business combination, especially where it is possible that no approved prospectus will be required in connection with the future business combination. This disclosure will enable investors to assess whether they are comfortable with the level of disclosure that will be provided in relation to the business combination in the future. ESMA expects the level of disclosure in relation to the business combination to be similar to that in an approved prospectus. The intention of ESMA's guidance is to help national authorities in Europe take a coordinated approach to the scrutiny of SPAC prospectuses and to support investors' analyses of these transactions. In addition, ESMA has noted its view that SPAC transactions may not be appropriate investments for all investors due to risks relating to dilution, conflicts of interests in relation to sponsors' incentives and the uncertainty as to the identification and evaluation of the target company.²





Amsterdam has emerged as the European centre for SPAC listings so far in 2021; it remains an open question whether this will remain the case or if other European financial centres experience increased activity. The Frankfurt Stock Exchange and London Stock Exchange have now both adopted SPAC-specific listing rules to enable flexible listing.





² The German Federal Financial Supervisory Authority (BaFin) also published a general warning on shares issued by SPACs, reiterating that SPACs do not have an operating business and that there are significant risks associated with SPACs, in particular due to the difficulties in assessing a SPAC's business model.

Comparison of SPAC Terms in the United States, Amsterdam, Frankfurt and London

#	Topic	United States 	Amsterdam 	Frankfurt 	London 
1	Listing venue	Nasdaq or New York Stock Exchange	Euronext Amsterdam	Frankfurt Stock Exchange	London Stock Exchange, standard segment
2	Securities offered	Units, most typically consisting of 1 share of Class A common stock and a fraction of a warrant (1/2, 1/3, 1/4 or 1/5 of a warrant to purchase one share at \$11.50).	Units, typically consisting of 1 share of Class A common stock and a fraction of a warrant (1/3 or 1/4) to purchase one share at, typically, €11.50.	Units, consisting of 1 share of Class A common stock and 1/3 of a warrant to purchase one share at €11.50.	Ordinary shares with 1/3 matching warrant to purchase one share at c. £11.50 or \$11.50. Discussions are ongoing with the UK Financial Conduct Authority and CREST as to whether these securities can be issued as a stapled unit, as they typically are in the US.
3	Price per unit in the SPAC IPO	\$10.00	Varies from €10.00 (or \$10.00) to €60.00	€10.00	£10.00 or \$10.00
4	Sponsor promote	<p>The SPAC sponsor holds shares of Class B common stock most typically equal to 20% of the SPAC's shares outstanding at the closing.</p> <p>The SPAC Sponsor pays \$25,000 for these founder shares.</p>	<p>The SPAC sponsor holds shares of Class B common stock varying from approximately 10% to 30% of the SPAC's shares outstanding at the closing.</p> <p>The SPAC sponsor pays between approximately \$300-€1,533.33 and €90,000 for these founder shares.</p> <p>In one deal, the sponsor agreed to pay EUR 12,500,000 for founder shares and EUR 250,000 for founder warrants.</p>	<p>The SPAC sponsor holds shares of Class B common stock equal to 20% of the SPAC's shares outstanding at the closing.</p> <p>The SPAC sponsor pays approximately €136,000.00 for these founder shares.</p>	<p>The SPAC sponsor holds B ordinary shares that convert to ordinary shares at closing, and may convert to further ordinary shares subject to share price hurdles.</p> <p>The SPAC sponsor would historically also hold C shares carrying an annual dividend amount payable in shares or cash, subject to a value hurdle, equal to a proportion (e.g. 15-20%) of the increase in the SPAC's market capitalisation. At the end of the seventh financial year from acquisition, C shares would convert to ordinary shares (on a one-for-one basis).</p>

#	Topic	United States 	Amsterdam 	Frankfurt 	London 
5	Sponsor at-risk capital	The SPAC sponsor pays cash equal to approximately 2-3% of the size of the IPO for warrants or units in a private placement at the time of the SPAC IPO.	The SPAC sponsor pays cash equal to approximately 2-5.5% of the size of the IPO for warrants or units in a private placement at the time of the SPAC IPO.	The SPAC Sponsor paid cash equal to approximately 3% of the size of the IPO for warrants in a private placement at the time of the SPAC IPO.	The SPAC sponsor pays cash equal to approximately 2-5% of the size of the IPO for ordinary shares and matching warrants at the time of the SPAC IPO. In addition, the sponsor subscribes for B (and C) shares.
6	Trust account	An amount equal to 100% of the IPO proceeds are placed into a trust account at the closing of the SPAC IPO. In general, proceeds can be used only to fund the SPAC's business combination or redemption requests by holders of Class A shares.	Either 100% or 99% of the IPO proceeds are placed into an escrow account at the closing of the SPAC IPO.	An amount > 100% of the IPO proceeds are placed into a trust account at the closing of the SPAC IPO. In general, proceeds can be used only to fund the SPAC's business combination or redemption requests by holders of Class A shares.	To benefit from the FCA's new approach, the SPAC must ring-fence proceeds raised in the IPO to either fund an acquisition, or to be returned to shareholders (in the event of investors redeeming shares or if a SPAC winds-up), less any amounts specifically agreed to be used for a SPAC's running costs. These running costs may include deferred underwriting fees.
7	Interest on trust account	Positive interest – interest accrues at approximately 0.1% based on current rates.	Generally negative interest – interest accrues based on average interest rates. However, one recent deal utilized a positive interest rate.	Negative interest – which will be covered by the proceeds from an additional sponsor subscription of up to €2.6m.	Positive interest expected to accrue.
8	Underwriting fee	2% payable in cash at the closing of the IPO. 3.5% payable at the closing of the business combination.	1.5%-2% payable at the closing of the IPO. 1.75%-3.5% payable at the closing of the business combination.	2% payable in cash at the closing of the IPO. 2% payable at the closing of the business combination. A discretionary fee of up to 1.5% may be paid upon the closing of the business combination.	Historically 2% payable in cash at the closing of the IPO. Flexibility for additional payment on closing of the business combination.

#	Topic	United States 	Amsterdam 	Frankfurt 	London 
9	Warrants	All of the warrants are issued to shareholders as part of the unit in the SPAC IPO.	In 7 of the 8 most recent SPACs, all warrants were issued to shareholders as part of the units at the time of the SPAC IPO. In one, half of the warrants were issued to shareholders as part of the units at the time of the IPO, with the other half being issued to shareholders at the time of the business combination.	All of the warrants are issued to shareholders as part of the unit in the SPAC IPO.	All of the warrants are issued to shareholders as part of the unit in the SPAC IPO, subject to ongoing discussions with the FCA in relation to the ability to issue stapled units at admission to listing that consist of one share and one-third of a warrant.
10	Exercise price of warrant	\$11.50	Between approximately €9.30 and €11.50 (or \$11.50).	€11.50	£11.50 or \$11.50
11	Exercisability date of warrant	<p>The warrants become exercisable at the later of (i) 12 months after the closing of the SPAC IPO and (ii) 30 days after the consummation of the business combination.</p> <p>In some deals, the warrants become exercisable 30 days after the consummation of the business combination.</p>	<p>The warrants become exercisable either upon the closing of the business combination or 5-30 days after completion of the business combination.</p> <p>Two recent SPACs provide that the warrants will automatically and mandatorily convert when the business combination has occurred and the SPAC's stock price reaches a share price threshold varying between €11.00 and €13.00 for 15 out of 30 consecutive trading days.</p>	The warrants become exercisable 30 days after the consummation of the business combination.	Warrants historically become exercisable upon the closing of the IPO. However, there is flexibility to mirror the US practice.
12	Warrant term	5 years after the business combination.	Same.	Same	Historically 3 years after the business combination. However, there is flexibility to mirror the US and European practice.

#	Topic	United States 	Amsterdam 	Frankfurt 	London 
13	Warrant redemption	Once the public warrants become exercisable, they can be redeemed by the combined company for \$0.01 per warrant when the company's stock price reaches \$18 per share for 20 out of 30 trading days. Most deals also include a separate redemption feature where the stock price is at least \$10 per share.	Once the public warrants become exercisable, they can be redeemed by the combined company for €0.0001-€0.01 per warrant when the company's stock price reaches €13-18 per share for 15-20 out of 30 trading days. In addition, public warrants may be redeemed by the company for €0.0001-€0.10 per warrant when the company's stock price reaches €10 per share. However, in this case, warrant holders will be able to exercise their warrants on a cashless basis prior to redemption.	Once the public warrants become exercisable, they can be redeemed by the combined company for €0.01 per warrant (i) when the company's stock price equals or exceeds €18 per share for 20 out of 30 trading days or (ii) when the company's stock price is below €18 but equals or exceeds €10 per share for 20 out of 30 trading days	Warrants are subject to mandatory redemption at £0.01 per warrant if the average price per ordinary share equals or exceeds £18 for 20 out of 30 trading days.
14	Duration of SPAC	Most typically 24 months; sometimes 12, 18 or 21 months. Some deals provide for an automatic extension to 27 or 30 months if an agreement for a business combination is in place within 24 months.	Most typically 24 months. Some deals provide for an extension to 24-30 months subject to receipt of shareholder or supervisory board approval. One deal provides for an extension to 30 months subject to the SPAC having signed a merger agreement within such 18-month period.	Most typically 24 months. Some deals include an automatic extension to 27 months if an agreement for a business combination is in place within 24 months.	Most typically 24 months. If no acquisition has been announced by that time, the Board will recommend either winding up or a 12-month extension. This board recommendation will be put to a shareholder vote (at which typically founder(s) and directors will abstain).

The SPAC Sponsor selects all of the directors, and only the SPAC Sponsor can vote for directors.

Under Dutch law, the management of the SPAC can be structured in various ways and there is not yet an established market practice. The board is either a one-tier board structure (consisting of executive directors and non-executive directors) or a two-tier board structure (consisting of a management board and a supervisory board).

In the majority of the SPAC listings governed by Dutch law, all board members (with the exception of one director) are elected by the sponsor. The other director will be appointed by the general meeting upon the binding nomination of the meeting of the holders of the founder shares.

The shareholders can overrule a binding nomination by either the board or the meeting of holders of founder shares by a vote of at least 66% of the votes cast, so long as such amount represents at least 33% or in some deals 50%, of the SPAC's issued share capital.

In the other SPAC listings governed by Dutch law, the board members are elected by shareholders at the general meeting. The board nominates one or more candidates for each vacancy.

Under Luxembourg law, the management of the SPAC can be structured in various ways and there is not yet an established market practice. The board is either a one-tier board structure (consisting of executive directors and non-executive directors) or a two-tier board structure (consisting of a management board and a supervisory board).

If a two-tier board structure is chosen, the members of the management board are generally appointed by the supervisory board, with the exception of the members of the first management board who are appointed by an extraordinary shareholder's meeting.

Typically the board will consist entirely of non-executives.





There is no requirement for a two-tier structure, but there is flexibility for an advisory board to be put in place.





No director is required to submit for re-election until the first annual general meeting following the acquisition.





To benefit from the FCA's new approach:





- The board must approve any proposed acquisition, excluding from the board discussion and vote any member that is, or has an associate that is, a director of the target or its subsidiaries, or has a conflict of interest in relation to the target or its subsidiaries.
- A 'fair and reasonable' statement of the board is required if a conflict is identified – this statement must be published if any of the SPAC's directors have a conflict of interest in relation to the target or any of its subsidiaries, and must reflect advice from an appropriately qualified and independent adviser.





#	Topic	United States 	Amsterdam 	Frankfurt 	London 
16	Director independence	The board must have a majority of independent directors and an all-independent audit committee. However, where the sponsor is able to select all of the directors, the stock exchanges view the SPAC as a controlled company which does not require a majority of independent directors (but will still require an all-independent audit committee).	<p>Similar. The majority of non-executive or supervisory board members, as well as the members of the audit committee, must be independent.</p> <p>Flexibility: Because the director independence requirements derive from the Dutch Corporate Governance Code, the SPAC can deviate from such requirements so long as the deviation is explained in the SPAC's IPO prospectus. In addition, with respect to the audit committee, Dutch law only requires that a majority of the audit committee members be independent.</p>	The independence requirements follow Luxembourg law.	<p>There is no requirement for a majority independent board.</p> <p>Compliance with the UK Corporate Governance Code (including as to independence of the Board) is voluntary if the SPAC is listed on the standard segment.</p>
17	Size of target	The target or targets must have an aggregate fair market value equal to at least 80% of the value of the assets held in the trust account at the time of signing a definitive agreement	No similar legal requirement, however, Dutch SPACs generally provide a non-exhaustive list of guidelines which apply to the SPAC's expected selection and evaluation of prospective target companies.	No similar requirement	<p>No similar requirement.</p> <p>To benefit from the FCA's new approach, a minimum of £100m must be raised when a SPAC's shares are initially listed.</p>





#	Topic	United States 	Amsterdam 	Frankfurt 	London 
18	Shareholder redemptions	<p>SPAC shareholders have the right to redeem their shares for a pro rata portion of the SPAC's trust account at the time of the business combination (at a price of \$10 per share plus accumulated interest). Shareholders have the right to redeem their shares no matter whether they vote for or against the business combination (or whether or not they vote at all). Shareholders may keep their warrants even if they redeem their shares.</p>	<p>In some deals, only shareholders who vote against a business combination have a right to sell their ordinary shares back to the Company (at a gross repurchase price of €10.00 minus negative interest).</p> <p>In other deals, each shareholder can redeem its shares irrespective of whether and how they voted with respect to the business combination.</p>	<p>SPAC shareholders have the right to redeem their shares for a pro rata portion of the SPAC's trust account at the time of the business combination (at a price of €10 per share plus accumulated interest, subject to the availability of amounts on deposit in the escrow account and sufficient distributable reserves). Shareholders may keep their warrants even if they redeem their shares.</p>	<p>A redemption option must be in place allowing investors to exit their shareholding before any acquisition is completed in order to benefit from the FCA's new approach.</p>
19	Shareholder approval	<p>Shareholder approval is customarily sought in connection with the business combination – generally requiring approval of a majority of the votes cast. The Sponsor may vote all of its shares at the shareholder meeting.</p>	<p>Shareholder approval is required in connection with the business combination, requiring approval of either (i) 70% of the votes cast, provided a quorum of at least 33%-50% of the shares outstanding is present, or (ii) more than 50% of the votes cast, most typically without any quorum requirement but sometimes subject to a quorum requirement varying from 1/3 to a majority of the shares outstanding.</p> <p>In the most recent deals, sponsors are permitted to vote their shares. In the first three deals, the sponsor could not vote.</p>	<p>Shareholder approval is customarily sought in connection with the business combination – generally requiring approval of a majority of the votes cast. The Sponsor/founders may vote all of their shares at the shareholder meeting.</p>	<p>Shareholder approval for any proposed acquisition, with the SPAC's founders, sponsors and directors prevented from voting, is required in order to benefit from the FCA's new approach.</p> <p>In addition, shareholder approval may also be required because of the specific features of the transaction (for example, shareholder approval may be required as a result of the issuance of new shares in the SPAC as consideration to the target shareholders).</p>

#	Topic	United States 	Amsterdam 	Frankfurt 	London 
20	Effect of shareholder voting on the ability of shareholders to redeem shares	Shareholders may redeem their shares whether or not they vote for or against the business combination (and whether or not they vote at all).	In about half of the deals, a shareholder may only redeem its shares if (i) the shareholders have approved the proposed business combination with the required majority; (ii) the shareholder notifies the Company of its intention to vote against the proposed business combination; and (iii) the shareholder votes against the proposed business combination.	Shareholders may redeem their shares irrespective of their participation and voting in a shareholders' meeting.	Shareholders must retain their redemption rights irrespective of whether or not they vote for or against the business combination (and whether or not they vote at all).
21	Maximum Amount of Redemptions	Almost 100% of the shares can be redeemed (so long as net assets of at least \$5 million remain). No single shareholder can redeem more than 15% of the shares issued in the SPAC's IPO.	<p>In five deals, no more than 30%-49% of the shares issued by the relevant SPAC can be redeemed (because the business combination requires the approval of 51%-70% of the votes cast and only dissenting shareholders are eligible for redemption).</p> <p>However, Dutch law does not prohibit a SPAC structure in which almost all of the shares can be redeemed, provided that the SPAC is listed as a BV instead of an NV. In three recent deals the SPAC has been listed as a BV, almost all of the shares can be redeemed and shareholders are entitled to redeem their shares whether or not they have voted in favour of the business combination.</p>	100% of the shares can be redeemed (subject to the availability of amounts on deposit in the escrow account and sufficient distributable reserves).	100% of the shares can be redeemed (subject to the availability of amounts on deposit in the escrow account and sufficient distributable reserves).

#	Topic	United States 	Amsterdam 	Frankfurt 	London 
22	Sponsor lockup (shares)	<p>Most typically, but subject to some degree of variability, sponsors agree not to sell their shares for 1 year after the business combination.</p> <p>Typically, but subject to a degree of variability, the 1-year sponsor lockup is subject to early release if the stock price reaches \$12.00 for 20 out of 30 trading days beginning 150 days after closing.</p>	<p>Most typically, but subject to some degree of variability, sponsors agree not to sell their shares for 12 months after the business combination, subject to early release if the share price reaches €12.00 for 20 out of 30 trading days beginning 150 days after closing of the business combination.</p> <p>In one deal, the sponsor agreed not to sell its shares for 36 months after the business combination, subject to early release if the share price reaches \$15.00 per share for 20 out of 30 trading days beginning 24 months after closing of the business combination.</p>	<p>Most typically, the sponsor agrees to a 1-year lockup, subject to early release if the stock price equals or exceeds €12.00 for any 20 trading days within any 30-trading day period.</p>	<p>Historically, sponsors agreed not to sell their shares for 1 year after the business combination. As in other areas, London market practice going forward is expected to mirror that in other listing jurisdictions.</p> <p>There is flexibility to include early release provisions if the share price reaches or exceeds certain amounts.</p>
23	Sponsor lockup (warrants)	30 days after the closing of the business combination.	<p>30 days after the closing of the business combination.</p> <p>In one deal, founder warrants were locked up for 30 days after the business combination, whereas the warrants that were included as part of the Sponsor's cornerstone investment were locked up for 180 days.</p>	Lock-up until closing of the business combination.	The lock-up applies to warrants. Flexibility for how long this applies for.

#	Topic	United States 	Amsterdam 	Frankfurt 	London 
24	Affiliate transactions	The SPAC may acquire a business owned by or related to the SPAC Sponsor. Typically, the SPAC will require the transaction to be approved by its disinterested directors and supported by a fairness opinion from an independent investment bank.	Similar. The SPAC may acquire all or a portion of a target business affiliated with members of the board or the Sponsor. The SPAC may typically only propose an affiliate transaction to shareholders for approval if the company obtains a fairness opinion from an independent expert (appointed by the non-executive directors) or an independent investment bank (appointed by the SPAC or a committee of independent and disinterested directors). In the first three deals, such transaction requires, in addition, unanimous approval by the board (and the supervisory board, if any).	Similar. The SPAC may enter into a business combination with a target business affiliated with the Sponsor. If the Sponsor or any affiliate, solely or jointly, hold 20% or more of the target's shares, the SPAC may only enter into a business combination if (i) it obtains a fairness opinion from an independent expert and (ii) the transaction has been unanimously approved by the members of the management board.	<p>Related party rules will apply to UK-incorporated SPACs listed on the standard segment.</p> <p>Transactions with related parties involving an amount of 5% or more of the market value of the SPAC must be announced and require the approval of the SPAC's directors (excluding any director that is, or is an associate of, the related party).</p> <p>To benefit from the FCA's new approach:</p> <ul style="list-style-type: none"> - The Board must approve any proposed acquisition, excluding any member that is, or has an associate that is, a director of the target or its subsidiaries, or has a conflict of interest in relation to the target or its subsidiary. - A Board 'fair and reasonable' statement is required if a conflict is identified – the statement must be published if any of the SPAC's directors have a conflict of interest in relation to the target or any of its subsidiaries, and must reflect advice from an appropriately qualified and independent adviser.

#	Topic	United States 	Amsterdam 	Frankfurt 	London 
25	Multiple SPACs	The officers and directors of the SPAC may sponsor multiple SPACs at the same time.	Same. However, there are certain limitations on the number of positions directors can hold on the (supervisory) boards of qualifying Dutch companies.	Same. However, there are limitations on the number of board positions directors can hold in accordance with Luxembourg law.	Sponsor(s) and directors of the SPAC may be involved in multiple SPACs at the same time, subject to their ability to fulfil directors' statutory duties, required conflict provisions, and disclosure of potential conflicts.
26	Corporate opportunities	The officers and directors of the SPAC may have fiduciary duties to other entities and may bring corporate opportunities first to such other entities rather than to the SPAC, if the charter so provides or the board adopts resolutions to such effect.	In some deals, the sponsor agrees that the SPAC has a right of first review of business opportunities. The right of first review provides that if a sponsor contemplates for its own account a business combination opportunity that meets a specific set of conditions, the sponsor will first present such opportunity to the directors of the SPAC and may only pursue the opportunity if the directors resolve that the SPAC will not pursue the opportunity. In other, more recent, deals the SPAC does not have a right of first review in respect of any potential business combination opportunity.	In the course of their business activities, members of the management board or supervisory board may become aware of investment and business opportunities, which may be appropriate for presentation to the SPAC as well as the other entities with which they are affiliated. They may have conflicts of interest in determining to which entity a particular business opportunity should be presented. As a result of these other positions, they may have conflicts of interest to the extent that any business combination opportunity would fall within the scope of the business of these entities.	Sponsor(s) and directors of the SPAC may have fiduciary duties to other entities and may bring corporate opportunities first to such other entities rather than to the SPAC, subject to adequate disclosure.

#	Topic	United States 	Amsterdam 	Frankfurt 	London 
27	Forecasts	De-SPAC transactions are marketed using the target company's projections (often 3 years). The projections are included in documents publicly filed with the SEC. Under a safe harbor provision in the US securities laws, projections would be protected from liability in private litigation if they are accompanied by meaningful cautionary statements or the speaker lacks actual knowledge that the projections are false or misleading.	There is not yet an established market practice. Depending on the deal structure, if the Dutch regulator (the AFM) is not involved because there is no prospectus to approve as part of the de-SPAC transaction (for instance in the case of a statutory merger), then projections could be used subject only to liability concerns. Under Dutch law, such liability may also arise on the basis of tort claims (e.g. misleading advertisement or unfair trade practices). If the AFM is involved in the de-SPAC transaction because there is a prospectus to approve, then the projections will be subject to regulatory review.	There is not yet an established market practice. If the Luxembourg regulator (the CSSF) is involved in the de-SPAC transaction because there is a prospectus to approve, then the projections will be subject to regulatory review (i.e., they will qualify as a "profit-forecast" for regulatory purposes) and will have to meet usual requirements regarding due diligence and prospectus liability considerations.	Assuming a prospectus is published and approved by the FCA, as is currently required, on the completion of the acquisition, the projections will be subject to regulatory review (i.e., they will qualify as a "profit-forecast" for regulatory purposes) and will have to meet usual requirements regarding due diligence and prospectus liability considerations. The UK government is consulting on a reformed liability regime for forward-looking information, including a defence if directors could demonstrate that they had exercised due care, skill and diligence in putting the information together and that they honestly believed it to be true when published.
28	PIPEs	De-SPAC transactions are customarily accompanied by a PIPE transaction in which institutional investors commit at signing of the de-SPAC transaction to purchase equity in the SPAC at the closing of the business combination.	Same.	Same.	Concurrent PIPE transactions are not historically common but there exists flexibility to structure a de-SPAC transaction together with a PIPE, subject to selective disclosure restrictions, as noted by the FCA in its recent policy statement.

#	Topic	United States 	Amsterdam 	Frankfurt 	London 
29	Jurisdiction of organisation (Also see Appendix)	Most US SPACs are organized in Delaware, though some are also organized in the Cayman Islands or the British Virgin Islands.	Most SPACs are organized under Dutch law. Some SPACs are organized in the Cayman Islands. It is not necessary to be organized under Dutch company law to be listed on Euronext Amsterdam but given the flexibility of Dutch company law generally it is widely used.	The SPAC listed on the Frankfurt Stock Exchange was organized under Luxembourg company law. It is not necessary to be organized under German company law to be listed on the Frankfurt Stock Exchange and the flexibility of Luxembourg company law is attractive for SPACs listed in Frankfurt.	Historically it has been common for SPACs to be incorporated offshore, but there exists flexibility to incorporate as a UK plc subject to the additional restrictions described herein.

Appendix

Comparison of the relative advantages of a European SPAC's jurisdiction of incorporation³

#	Topic	Cayman Islands	Jersey	British Virgin Islands	Netherlands	United Kingdom	Luxembourg
1	Form of listing vehicle	Exempted company (limited by shares)	Public limited company (plc)	Business company limited by shares	B.V. / N.V.	Public limited company (plc)	Public limited company (<i>société anonyme</i>), limited stock partnership (<i>société en commandite par action</i>), or European company (<i>société européenne</i>).
2	Limitations on splitting redemptions from shareholder vote	None.	None.	None.	None.	None.	None.

³ With thanks to the team at Ogier for their assistance in connection with the preparation of this publication with respect to Jersey, Cayman, BVI and Luxembourg law.

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#	Topic	Cayman Islands	Jersey	British Virgin Islands	Netherlands	United Kingdom	Luxembourg
3	Limitations on issuing warrants	None in addition to equity issuances.	If issuing warrants to more than 10 holders, consent will be required from the Jersey Regulator which can usually be obtained in 5 – 10 working days.	None in addition to equity issuances.	None in addition to equity issuances	None in addition to equity issuances, subject to the UK product governance requirements.	None, subject to the MiFID II requirements on product governance. SPACs can issue warrants and the warrants can be exercised on a cash or cashless basis.

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#	Topic	Cayman Islands	Jersey	British Virgin Islands	Netherlands	United Kingdom	Luxembourg
5	Timing from board to shareholder meeting	There is no statutorily prescribed notice period for shareholder meetings, provided the notice period is set out in the memorandum and articles of association ("M&A"). If the M&A are silent, the minimum notice period is 5 days' notice.	General meetings are typically required to be held on at least 14 clear days' notice.	There is no statutorily prescribed notice period for board meetings other than a reasonable time period or as provided in the M&A. If the M&A do not provide a time period, 3 days is generally considered reasonable, but board meetings also can be called on shorter or no notice with director consent. Shareholders meetings require a minimum notice period of 7 days' notice.	There are no timing requirements for board meetings. For SPACs set up as NVs, the convocation period for shareholder meetings is 42 days (taking into account a registration (record) date of 28 days prior to the meeting). For SPACs set up as BVs, the convocation period for shareholder meetings is 8 days (but taking into account a registration (record) date of 28 days prior to the meeting).	General meetings are held on 21 clear days' advance notice, reduced to 14 clear days where certain conditions are satisfied.	General meetings are typically required to be held on at least 30 days advance notice for listed companies.

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#	Topic	Cayman Islands	Jersey	British Virgin Islands	Netherlands	United Kingdom	Luxembourg
6	Shareholder approvals	Approval of most matters, as set out in the M&A, generally requires a simple majority. Certain actions, such as amending the M&A, require a special resolution passed by a two-thirds majority (or greater if provided for in the M&A).	The De-SPAC business combination may be approved by a simple majority, but special resolutions with a two-thirds majority are required for the issuance of further share capital.	The De-SPAC business combination may be approved by a simple majority. There is no statutory requirement for special or supermajority resolutions. The default position is that all affairs of a company are managed by the board. Very few corporate matters require shareholder approval (and in most cases these can be disapplied by the M&A). The M&A can provide for further shareholder approvals – so as to reflect the agreed terms of the SPAC or what may be customary for the market.	For SPACs set up as NVs rather than BVs, a 50% plus one majority of votes cast would be sufficient for shareholder approval (as opposed to 70%). In addition, under Dutch law, the SPAC sponsor could vote all of its shares at the shareholder meeting.	Shareholder approval may be required because of the specific features of the transaction (e.g. as a result of the issuance of new shares in the SPAC as consideration to the target shareholders).	The de-SPAC business combination requires approval by a qualified majority of two-thirds of the votes, with a quorum of half of the share capital. The issuer is required to provide the shareholders with information necessary to make an informed decision about the exercise of their redemption rights.

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#	Topic	Cayman Islands	Jersey	British Virgin Islands	Netherlands	United Kingdom	Luxembourg
7	Process and timing for redemptions	Generally, shares may be redeemed on such terms and timelines as may be agreed with holders or provided for in the M&A in accordance with the SPAC deal terms, provided that: (a) no share may be redeemed unless it is fully paid; (b) as a result of the redemption there must be at least one share remaining in issue; and (c) immediately following the date of the redemption, the company must be able to pay its debts as they fall due in the ordinary course of business.	The directors of the company responsible for authorising the redemption will be required to provide solvency confirmations prior to effecting the redemption. Jersey law permits the monies payable on the redemption of redeemable shares to be funded from any source, including capital, provided that such shares are fully paid.	Generally shares may be redeemed on such terms and timelines as may be agreed with holders or provided for in the M&A in accordance with the SPAC deal terms. BVI companies are not subject to capital maintenance or similar rules and shares may be redeemed without regard to profit, surplus or other balance sheet reserves, provided only that the company remains "solvent" immediately after the redemption.	Dutch law does not prohibit a SPAC structure in which almost all of the shares can be redeemed, provided that the SPAC is listed as a BV rather than as an NV.	Distributable reserves are required to fund redemptions, but UK company law allows for these to be created through a reduction of capital that can be authorised by the sponsor(s) (as the only shareholders at the time) prior to the IPO.	Distributable reserves are required to fund redemptions.

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#	Topic	Cayman Islands	Jersey	British Virgin Islands	Netherlands	United Kingdom	Luxembourg
8	Limitations on sponsor(s) and directors being involved in multiple SPACs at the same time	No specific limitations provided directors are able to discharge fiduciary duties and any conflicts are disclosed pursuant to the M&A.	No specific limitations provided directors are able to discharge statutory duties and any conflicts are disclosed.	No specific limitations provided directors are able to discharge statutory duties and any conflicts are disclosed.	There are certain limitations on the number of positions directors can hold on the (supervisory) boards of qualifying Dutch companies.	The ability of sponsors and directors to be involved in multiple SPACs is subject to their ability to fulfil directors' statutory duties, required conflict provisions, and disclosure of potential conflicts.	There are limitations on the number of board positions according to Luxembourg law.
9	Other limitations on transactions with affiliates	No specific limitations, subject to directors declaring potential conflicts of interest.	No specific limitations, subject to directors declaring potential conflicts of interest.	No specific statutory limitations, subject to directors declaring potential conflicts of interest.	Subject to exchange rules. No Dutch corporate law limitation.	Transactions with related parties involving an amount of 5% or more of the market value of the SPAC must be announced and require the approval of independent directors (excluding any director that is, or is an associate of, the related party).	Subject to exchange rules. No Luxembourg corporate law limitation.

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#	Topic	Cayman Islands	Jersey	British Virgin Islands	Netherlands	United Kingdom	Luxembourg
10	Other regulation	The UK Takeover Code will not apply if the SPAC is not listed on the premium segment of the UK Official List. It is possible to include similar provisions in the M&A if appropriate for the market.	The UK Takeover Code is likely to apply.	The UK Takeover Code will not apply if the SPAC is not listed on the premium segment of the UK Official List. It is possible to include similar provisions in the M&A if appropriate for the market.	The UK Takeover Code will not apply if the SPAC is not listed on the premium segment of the UK Official List.	The UK Takeover Code is likely to apply.	The public limited company rules and/or limited stock partnership rules will apply.

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