

FCA Publish Changes to London Stock Exchange Listing Rules for SPACs

FCA Consultation

In May 2021, the UK Financial Conduct Authority ("FCA") consulted on changes to aspects of the London Stock Exchange ("LSE") Listing Rules that apply to special purpose acquisition companies ("SPACs"). A SPAC is a type of company formed to raise money from investors, which it then uses to acquire another operating business.

The primary purpose of the consultation was to consult on a change to the Listing Rules to remove the presumption of suspension for SPACs that meet certain criteria which has proved a barrier to SPACs listing on the LSE.

Key Listing Rule Changes

The FCA Listing Rule changes will come into effect on 10 August 2021 and will dis-apply the presumption of suspension where a SPAC has the following key features:

- A minimum size threshold of £100 million raised when a SPAC's shares are initially listed.
- Monies raised are ring-fenced to either fund an acquisition, or be returned to shareholders less amounts specifically agreed for running costs.
- Setting a time limit to find and acquire a target within two years of admission to listing, which may be extendable by 12 months subject to shareholder approval.
- Requires board and shareholder approval for any proposed acquisition, with SPAC

founders, sponsors and directors prevented from voting (as shareholders).

- Provides a 'redemption' option allowing investors to exit their shareholding before any acquisition is completed.
- Investors being given sufficient disclosures on key terms and risks from the SPAC IPO through to the announcement and conclusion of any acquisition.

The UK Government stated its intention for London to remain one of the leading financial centres in the world. The FCA Listing Rule changes will promote an environment for increased investment opportunities for investors and for issuers to access capital in UK markets via the LSE on appropriate terms.

The FCA Listing Rule changes also seek to ensure that public shareholders in SPACs have appropriate control and protections over their investment while acknowledging that the SPAC market continues to evolve.

How can Maples Group help?

The Maples Group's Jersey and London law firms have advised on a number of British Virgin Islands, Cayman Islands and Jersey SPAC issuers coming to market with a view to listing on the LSE.

The Maples Group also provides accountancy services, independent director services as well as ancillary governance and administrative services to SPAC-related entities through its fiduciary business.

If you have any questions relating to these changes, please reach out to any of the below European contacts or your usual Maples Group contact.

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