

# **SPACs**

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Our Support and Experience  
Your Opportunity

Special Purpose Acquisition Companies (SPACs) represent a streamlined structure used to raise capital during an IPO process. They have been used for many years but recently gained popularity with private equity firms and investors wishing to raise capital through an IPO.

## SPACs and private equity

SPACs have recently attracted big-name underwriters and investors while raising a record amount of IPO money. In 2020, SPACs raised close to \$100 billion in public offerings which represents a 320% increase in the number of SPAC IPOs compared to 2019<sup>1</sup>.

SPACs are being sponsored by a wide range of people and institutions, from private equity funds to experienced management teams to corporate investors.

With their background in deal origination, financing and value creation, private equity firms are naturally aligned with the SPAC structure and have been involved in >10% of the SPACs that have been raised over the past 15 months.

### Why are private equity firms drawn to SPACs?

When professionally supported, SPACs can:

- Provide a more efficient and faster IPO process
- Lower financial transaction costs
- Give greater control over deal terms
- Create greater certainty in pricing (due to simplified price discovery process)
- Provide greater access to capital (through retail investors)
- Release liquidity options not always available to private equity
- Allow for the pursuit of larger targets
- Require fewer disclosures to investors at the time of the IPO (compared to existing operating companies)

## We support SPACs at scale

We are already a recognised top tier provider of fiduciary, governance, administration and reporting services, across multiple asset classes. Based on our unique capabilities and over 50 years of combined experience, we are able to provide you with a full spectrum of support throughout the SPAC realisation process.

We work with private equity firms, law firms and existing SPAC sponsors. Our team has been involved in a number of SPAC deals in the US and Europe. We recently supported Pegasus Europe who raised €500 million in a private placement, the largest European SPAC to date<sup>2</sup>.

### Pegasus Europe

IQ-EQ Netherlands worked with Tikehau Capital alongside co-sponsors Financière Agache, Jean Pierre Mustier and Diego De Giorgi to launch Pegasus in February 2021. Following a successful IPO, Pegasus Europe began trading in April. It is set to focus on investments in Europe's financial services sector, with potential targets including asset management platforms, insurance services, diversified financial services companies as well as financial technology companies.

Led by director Emma Causevic, IQ-EQ Netherlands is delivering a full suite of corporate services to Pegasus Europe, including audit assistance, accounting and reporting, corporate secretarial, registered office, tax compliance support, HR administration and payroll services.

“It has been a real pleasure to partner with IQ-EQ throughout the process; I've particularly appreciated their availability and responsiveness, which are of course critical factors when dealing with SPACs and listed companies.”

Mike Assouline | Chief Financial Officer | Pegasus Europe

<sup>1</sup> According to SPACInsider

<sup>2</sup> As of July 2021

## The SPACs process

Key to a successful SPAC process is global experience across multiple jurisdictions, expert administration and regulatory and reporting support and a personalised team fully aligned with your requirements and desired outcomes.



We can support you throughout the five distinct stages of the SPAC process.

## Our Services

Below and overleaf, we outline a sample of the services provided at every stage. Talk to us and we'll build a bespoke process to suit your requirements.

### 1. Structure formation

During the entity formation stage, the SPACs structure and management team are established and the entity is registered as a company. Applications are subsequently made to the relevant regulatory body (for example, CSSF or SEC); auditors, legal counsel and the investment bank are appointed; and a trust/escrow account is opened, ready for the day of IPO. The prospectus for the SPAC is drafted and once approved, the capital raising phase begins.

#### How can IQ-EQ help?

- Draft customised SPAC and SPAC sponsor launch checklist
- Conduct launch call with client (and counsel) to review status of all launch items and annotate the launch checklist accordingly
- Review all materials created or started prior to IQ-EQ engagement and update as necessary
- Assist in evaluating and selecting key service providers
- Prepare and file certificate(s) of formation/incorporation
- Prepare and file any foreign out-of-state certificate of incorporation (if applicable)
- Obtain U.S. tax EIN, VAT identification number, LEI registration
- Coordinate with legal counsel in drafting by-laws
- Prepare articles of incorporation and any other related governing documents
- Initiate trademark registration (if applicable)
- Produce and maintain a website for the SPAC
- Obtain EDGAR codes and CUSIP(s) (for US domiciled SPACs)
- Assist in obtaining exchange listing
- Draft initial registration statement (i.e., Form S-1/Prospectus)
- Work with legal counsel in reviewing and drafting responses to comments from relevant authorities
- Work with counsel in preparing board books for initial board meeting (i.e., board meeting agendas, board resolutions, minutes, etc.)
- Provide audit assistance and prepares (interim) financial statements
- Provide CFO support services

## 2. SPAC IPO

During the second stage, the SPAC company is listed on the relevant stock exchange by the underwriting bank and becomes a publicly traded company.

### How can IQ-EQ help?

- Prepare quarterly reports
- Prepare annual accounts and mid-year accounts including audit support
- Facilitate and assist with treasury (i.e., cash management/movements and cash controls of the SPAC)
- Prepare, attend and take the minutes of the board meetings
- Prepare and maintain accounting books and records (i.e., cash journals, ledgers, accruals, trial balances, etc.)
- Record transactions
- Schedule payment of invoices – expense processing and bill payment
- Prepare Form 1099s
- Assist in and oversee the preparation of draft regulatory and financial reports
- Oversee the preparation of draft financial statements for audit, and the tax return preparation
- Coordinate the timely preparation of tax returns with tax preparer
- Review and help facilitate tax filings
- Conduct relations with custodians, trust depositories, transfer agents, other stockholder servicing agents, accountants, attorneys, underwriters, brokers and dealers, corporate fiduciaries, insurers, banks and such other persons in any such other capacity deemed to be necessary or desirable

## 3. Target search and acquisition

After the IPO, proceeds are credited to the SPAC's trust/escrow account, where they are blocked until acquisition of the target company. The SPAC management team then seeks potential targets.

### How can IQ-EQ help?

- Assist in the day-to-day SPAC operations, managing all operational relationships of the SPAC
- Work with counsel on drafting and preparing board meeting materials (i.e., board meeting agendas, board resolutions, minutes, etc.)

## 4. Shareholder vote, approve and merger

Once the SPAC management team and the shareholders of the acquisition target company have agreed, the SPAC shareholders (IPO investors) approve the envisaged acquisition.

### How can IQ-EQ help?

- Prepare, attend and take the minutes of the extraordinary shareholders meeting

## 5. Entity now public / PE exit option

After the shareholders' approval, the acquisition takes place and the acquired company will be merged into the SPAC, thus becoming a listed company. The 'de-SPACing' of the original entity begins.

### How can IQ-EQ help?

- Assist throughout the de-SPACing process and provide administration and a fully fledged service to the newly formed listed entity.

## About us\*

We are IQ-EQ, a leading investor services group employing over 3,600 people across 23 jurisdictions worldwide. We bring together that rare combination of global expertise with a deep understanding of the needs of our clients. We have the know how and the know you to support fund managers, global companies, family offices and private clients.

## Key contacts

If you'd like to speak with us about any aspect of our SPACs services, please contact a member of the team. They would be delighted to take your call.



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\* Information correct as of 1 September 2021

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