

Newsletter 02.09.2021

Listing of Luxembourg SPAC'S

The Special Purpose Acquisition Companies (SPACs) is not a new instrument to enter the financial investment world having proven to be quite popular in the United States, the European market is now looking for a piece of the pie.

Luxembourg offers the ideal location for SPACs thanks to its robust legal framework, its financial expertise and with the Luxembourg Stock exchange (LuxSE) offering investors access to two marketplaces.

In light of the growing interest of the SPACs, the LuxSE has recently issued some guidance and a framework for professionals interested in listing SPACs on its markets. They have advised that once the funds have been raised for the structure they should be held in an escrow account with a regulated financial institution and the issuer shall keep an order of priority for outgoing payments. The SPAC shareholders should be granted redemption rights under conditions set by the issuer. The LuxSE recommends the business combination is approved by the shareholders with the target company in a general meeting. As the case with other financial instruments, the prospectus of the SPAC should clearly define the strategy and target market it seeks to investment in.

Although these points are not mandatory, it is recommended to follow this guidance in order to secure listing with the LuxSE.

Should you wish to discuss this topic further or your potential private equity investment project please feel free to reach out to our team directly.

