March 30, 2022

The Honorable Gary Gensler
Chair
U.S. Securities and Exchange Commission
100 F St NE
Washington, DC 20549

Dear Chair Gensler,

The SPAC Association (SPACA) represents key stakeholders involved in the special purpose acquisition company (SPAC) ecosystem, including: investors, sponsors, investment banks, law firms, auditors, accounting firms, academics, nonprofits, and companies. We are the only organized voice for the SPAC industry in the United States.

This morning, the U.S. Securities and Exchange Commission (SEC) proposed new rules and amendments to regulate the SPAC industry. The proposed new rules and amendments would seek to:

- Enhance disclosures and provide additional investor protections in SPAC initial public offerings and in business combination transactions between SPACs and private operating companies (de-SPACs);
- Address the treatment under the Securities Act of 1933 of business combination transactions involving a reporting shell company and amend the financial statement requirements applicable to transactions involving shell companies;
- Provide additional guidance on the use of projections in SEC filings to address concerns about their reliability; and
- Assist SPACs in assessing when they may be subject to regulation under the Investment Company Act of 1940.

We believe these regulatory actions go above and beyond the SEC's purported goal to enhance disclosures and protect investors. When retail investors have participated in de-SPACs, the failings are neither from the inherent construct of the SPAC structure nor the disclosure that is provided to the public markets, which are prepared by the same established capital market law firms and accounting firms as those who service initial public offerings (IPOs), but arguably through access points in the public markets (such as broker-dealers) that are not adequately carrying out their Know Your Customer (KYC) responsibilities. The proposed new rules and amendments are an unnecessary reaction to misguided pressure that does not consider the overall benefits to capital markets, job creation or self-imposed corrective actions. While the growth of the SPAC industry has attracted media attention, academic interest and calls for more regulatory oversight, the effects of these proposed rules and amendments will have a deleterious impact on bringing new companies into U.S. markets. SPACs provide access to capital for growing companies in critical sectors that are vital to American innovation. They also serve to address our country's global competitiveness across industries and sectors. The limits and restrictions proposed by the SEC would inhibit that growth and prosperity.

We applaud SEC Commissioner Hester Peirce's acknowledgement of this risk in her official statement today entitled "Damning and Deeming: Dissenting Statement on Shell Companies, Projections, and SPACs Proposal." According to Commissioner Peirce, "*the proposal does not adequately account for the potential cost of damming up the SPAC river. Since 2020 SPACs brought many new companies into our public markets—a welcome trend after decades of decline in the number of public companies. As I have previously argued, we could use this moment to ask whether the SPAC revival of recent years reveals shortcomings with the traditional IPO process and to consider ways to calibrate properly the rules governing IPOs, SPACs, and direct listings."*

The SPAC Association is committed to working with the SEC Commissioners and staff to ensure American leadership on the global stage and to safeguard retail investors, as well as the industry itself, from bad actors. Oftentimes, complex issues and performance data have been reduced to a soundbite, resulting in adverse impact on investors, private companies, and SPACs. Previously, the industry has had limited engagement with regulators due to the lack of an association representing the viewpoints of all stakeholders. We hope to change that as we work together to promote a more cooperative structure for protecting investors and providing access to capital for growing American companies.

We would very much welcome the opportunity to meet with you, your fellow Commissioners and the staff of the Division of Corporation Finance, Division of Investment Management, Division of Economic and Risk Analysis, the Office of General Counsel, and others across your agency that worked on the proposals. Thank you.

Sincerely,

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