

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores
المنظمة الدولية لهيئات الأوراق المالية

IOSCO/MR/10/2023

Madrid, 10 May 2023

IOSCO publishes a report to help its members enhance SPAC regulations

The Board of the International Organization of Securities Commissions today published a final report on [*Special Purpose Acquisition Companies \(SPACs\)*](#), which aims to help IOSCO members review or improve their approach to these companies.

The recent surge in SPACs raised concerns for many IOSCO members about investor protection and market integrity. In 2021, IOSCO established a SPAC network, chaired by Jean-Paul Servais, Chairman of the Financial Services and Markets Authority, Belgium and Chair of the IOSCO Board, to facilitate the sharing of information and investigate the issues they raised.

The report takes a risk-based approach to the regulation of SPACs. While SPACs pose similar risks to investors as traditional IPOs, the complexity and uncertainty inherent in the SPAC structures raise a number of different risks. Therefore, while the rules that apply to SPACs may be similar to those for traditional IPOs, they differ in some critical ways.

The report focuses first on the differences and similarities between the regulation of SPACs and traditional IPOs with respect to disclosure obligations and gatekeeper functions. The report then analyses the approaches and lessons learnt in three focus areas. First, the dilution of the value of shareholders' initial investment in a SPAC is often both significant and uncertain and the report outlines how regulators may address these risks through disclosure requirements or mechanisms such as dilution caps.

Second, due to the inherent uncertainty and complexity of SPACs, there are widespread concerns about retail participation in SPACs. The report identifies the various means by which regulatory frameworks may address these risks through restrictions and general or specific investor protection measures. Finally, although the boom in SPAC-IPOs may be over, a significant backlog of SPACs will be liquidated if they fail to find a target. The report outlines the potential issues that might arise here.

The report concludes there is currently no one-size-fits-all model for the regulation of SPACs; markets and regulations are still evolving, and it is too early to assess what the most effective approaches are

to regulating SPACs. Nonetheless, the report identifies a set of common approaches and sets out some considerations for designing or fine tuning SPAC Frameworks. The considerations cover a range of issues that may arise at the various stages of a SPAC's lifecycle, from the SPAC's initial offering to the combination with a target or its liquidation. As such, this toolkit is intended to support or guide regulators as they review, develop, align or improve their SPAC framework, as well as to help them identify potential risks.

However, SPACs are just a small part of the primary markets, and this work has come at a time when the functioning of primary markets more generally merits closer monitoring. The board therefore agreed to transform the SPAC Network into a Primary Market Network under the leadership of the C1 Chair, Paul Munter.

Mr. Servais said: *“The SPAC boom of the last couple of years raised a host of issues related to investor protection and fair, orderly and efficient markets. While the boom may be over, it is important that we now take stock of whether there are any lessons to be learnt from the recent experiences with SPACs. This report in particular develops a toolkit that IOSCO members may use to help them to monitor, assess or review their approach to SPACs and will be of use when issues around SPACs arise again in the future.”*

NOTES TO THE EDITORS

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organisation's membership regulates more than 95% of the world's securities markets in some 130 jurisdictions, and it continues to expand.
2. The IOSCO Board is the governing and standard-setting body of IOSCO and is made up of 35 securities regulators. Mr. Jean-Paul Servais, the Chair of Belgium's Financial Services and Markets Authority (FSMA) is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Australia, Bahamas, Bangladesh, Belgium, Brazil, China, Egypt, France, Germany, Greece, Hong Kong, India, Ireland, Italy, Japan, Korea, Kuwait, Malaysia, Mauritius, Mexico, Morocco, the Netherlands, Oman, Ontario, Peru, Quebec, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Türkiye, the United Kingdom and the United States of America (both the U.S. Commodity Futures Trading Commission and U.S. Securities and Exchange Commission). The Chair of the European Securities and Markets Authority and the Chair of IOSCO's Affiliate Members Consultative Committee are also observers.
3. The Growth and Emerging Markets (GEM) Committee is the largest committee within IOSCO, representing more than 75% per cent of the IOSCO membership, including 10 of the G20 members. Dr Mohamed Farid Saleh, Executive Chairman of the Financial Regulatory Authority, Egypt is Chair of the GEM Committee. The committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions. The GEM Committee's strategic priorities are focused, amongst others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.

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4. IOSCO aims through its permanent structures:

- to cooperate in developing, implementing and promoting internationally recognized and consistent standards of regulation, oversight and enforcement to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
- to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
- to exchange information at both global and regional levels on their respective experiences to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

MEDIA ENQUIRIES

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