

Louvain School of Management

Special Purpose Acquisition Companies

Why are SPACs emerging in more developed countries than others?

Author: Gabriel Smit
Supervisor: James Thewissen
Academic year 2021-2022
Dissertation for the Master of Management Sciences
Master subject and focus on Corporate Finance

Abstract :

SPACs became very popular in 2020 wherein investors and companies rushed toward the new trend to allow listing public. Although they have recently expanded all over the world, raising millions of dollars for eager investors, few empirical studies are available to help understand the spread of SPACS across the world. Based on the population of 3446 SPACs (wherein the deal has been made or yet to be) issued in the world from early 2000, this study shows that SPACs take place more frequently in countries which are open to public equity markets and with developed financial systems, such as a strong investor protection frame, thus implying SPACs are an expensive vehicle that take place wherein the financial regulations are more enhanced than in developing countries.

UNIVERSITÉ CATHOLIQUE DE LOUVAIN
Louvain School of Management

Place des Doyens, 1 bte L2.01.01, 1348 Louvain-la-Neuve
Boulevard Emile Devreux 6, 6000 Charleroi, Belgique
Chaussée de Binche 151, 7000 Mons, Belgique

www.uclouvain.be/lsm

Acknowledgment

We thank Clarence Fu (Singapore Management University), Prabal Shrestha (École de Management Léonard de Vinci) and James Thewissen (Louvain School of Management) for their support in documentation and database gathering.

Thanks to my mum, Dr. Nicoletta Pergolizzi, in guiding me through the research procedure.

We would also like to thank colleagues, namely Alysha Grande, Lehna Mebarki, Margaux Urbain and Céline Vander Stichelen, who helped in the understanding of the coding structure.

Table of Content

I. INTRODUCTION AND LITERATURE REVIEW.....	8
II. HYPOTHESIS.....	11
III. SAMPLE, DATA COLLECTION AND METHODOLOGY.....	13
1) SAMPLE AND DATA COLLECTION.....	13
2) METHODOLOGY.....	14
IV. RESULTS.....	20
V. CONCLUDING REMARKS.....	22
BIBLIOGRAPHY.....	24
APPENDIX.....	27

I. Introduction and Literature review

SPAC, or Special Purpose Acquisition Company, is a new phenomenon that has been observed for many years. It first appeared in the 1990s before bursting in 2020 mainly in the US by an increase of 320% of IPOs (Initial Public Offering) compared to 2019 (M. Barlow & al., 2021). A SPAC is a vehicle that allows a publicly blank-checked company to merge with a private company, thus making it public after the acquisition has occurred (this stage is called “de-SPAC”). This transaction is financed by private investors, and the operation is named PIPE, which stands for Private Investment in the Public Equity. The PIPE process brings several benefits, such as raising more cash easily, hence reinvigorating the capital structure and its liquidity (M. Barlow & al., 2021). Many large companies have already investigated going public with a SPAC, such as Airbnb, but ended to not opt for this option, assuming that they were financially strong enough to go public on their own. Despite their game-changing role in corporate finance, very few papers have so far investigated the emergence of the SPACs. Most studies discuss the legal or managerial aspects of this phenomenon as well as their pros and cons, without an empirical analysis. This research paper investigates the geographic distribution of the SPAC phenomenon, by shedding light on the reasons why some countries are preferred relative to others by the sponsors to opt for a SPAC mechanism. Some authors have already observed that “SPAC acquisitions tend to occur more often in volatile market” (Kolb & Tykvova, 2016), which explains the fact that “SPACs exhibit a higher sensitivity to VIX (effect on market wide-uncertainty) and VRP (time-varying risk aversion, Variance Risk Premium), relative to regular IPOs.” (Blomkvist & Vulcanovic, 2020)

First, a sponsor decides to launch a SPAC and creates a holding company with a clear roadshow for the investors. The sponsor, usually, covers the SPACs’ operating costs and acquires a “block” of operating shares (which is generally around 20% of the post-IPO equity). Before the vehicle is made public, it is listed on an exchange and units cost \$10. The proceeds raised, which are working as shares, from the SPAC IPO are held in a trust account and invested in Treasury Notes. These proceeds have, however, a warranty: they are locked in the value of the target, without any kind of risks (market risk and fluctuations, ...) since the beginning of the transaction. (Barlow & al., 2021) Then, the units of the SPAC are traded on the open market (to be noted that the common shares and warrants are often separated and traded independently). The SPAC sponsor looks for a target company to merge with, and either completes a merger within two years or returns the funds raised to investors and liquidates the vehicle. When a target company is identified, the terms of a merger are negotiated, a Letter of Intent (LOI) is signed, and additional capital is often raised through a PIPE. The shareholders in the SPAC vote on the proposed merger ("de-SPAC" process); if shareholders approve, the merger is executed and shareholders can choose to keep their shares, redeem them, and receive their initial investment back plus interest, or sell them on the market. Finally, the SPAC merges with the target company and begins trading under a new ticker (Grimberg & al., 2021).

According to data gathered in [deal point data](#), one can observe the trend is growing across the world: since January 1st 2020, there have been more than 60 non-US issuers for SPAC IPOs, with the top five countries being Honk-Kong (19), the Cayman Islands (14), the United-Kingdom (8), China (7) and Singapore (5). Moreover, the Merger and Acquisitions (M&A) market was three times higher in Q3 2021 than one year ago, and the IPO totaled US\$30.1bn for the same period of comparison (SPACs included). Based on a qualitative analysis, the reasons why these different countries mentioned are attracting more and more SPAC vehicles differ from one country to another.

The United-States have seen an increasing number of companies going public through a SPAC vehicle in the last two years, increasing to more than 240 companies in 2020 and to more than 400 companies in 2021, for now, according to [white case](#) data. Although the US seem to be the most attractive country to conduct an IPO through a SPAC, some conditions might be refraining: Dimitrova (2016) insists on the point that the acquired company must be at least equal to 80% of the SPAC's net asset when the transaction occurs. Then, the Sarbanes-Oxley Act in 2002, which has increased the reporting and governance standards, made the access to the public market more demanding, hence reducing the number of publicly traded companies in the US from 8,090 in 1996 to 4,713 today. (Kostin and Conners, 2021) On the other hand, the SEC has recently tightened the requirements for the SPAC process. The SEC has announced several changes to come into effect, which are directly linked to the SPAC activity. This is the second time this year that the SEC has set rules on the shell companies, which can be interpreted as the will of the SEC to slow down the SPACs erosion. This is mainly due to several arguments raised: the vehicle puts the investors at risk and increases the scrutiny of the sector. The first guidance issued in April 2021 first restrained the market activity, as SPACs were told they had to account their equity warrants as debt, as the investors are allowed to take back their investments whenever they want and have the power of decision for a deal to be approved. (Hu, Prentice and Sen, 2021) More recently, on November 18, 2021, the [SEC](#) has implemented 434 new enforcement actions for FY2021 filings, which directly tackle the SPAC threat. This could be the sign of the end of the SPAC erosion in the US and it is the reason why more investors are shifting their interests toward other countries, as Chamath Palihapitiya, known as [the king of SPACs](#), has started backing UK companies over the US, according to the [CNBC](#).

In the UK, SPACs are welcoming sponsors as the country has a more positive attitude towards debt and equity capital markets, and to the entrepreneurial risk than the US. In Asia, the private equity sector has been growing strongly for many years, due to the ease of regulations by the Association of Southeast Asian Nations (ASEAN) and provides a lengthier deadline for the SPAC to occur (Schumacher, 2020), which helps sponsors avoid having to choose bad deals as previously mentioned.

Regarding Honk-Kong, which has already been the world's biggest IPO market seven times in the last 12 years (Yiu and Bray, 2021), the country has recently granted the access to SPACs, which is positive for the IPO market in the coming months, as the place is an established international financial center for mainland Chinese companies to raise funds. We could see here that there is a great appetite for Hong Kong into SPACs, as it wants to keep investors and promising companies in its hands. However, they have set the bar at the highest point regarding the requirements (at least one SPAC promoter must be licensed by the Securities and Futures Commission, limiting the pool of people qualified to be promoters). Furthermore, SPACs come at a cost, as the regulation will only allow large SPACs that raise at least HK\$1 billion (US\$128 million) to list on its main board, the highest requirement among all exchanges. (Yiu, 2021)

While in China, the use of SPAC investments by foreign investors has also increased in recent years. Chinese target companies are "typically interested in merging with a U.S. SPAC to increase visibility, obtain enhanced prestige of becoming a U.S. listed public company, and enable them to obtain liquidity out of China." (Schumacher, 2020) It is worth noting that if China would be regulating SPACs, it would indirectly hurt the United States economy, which would provide a tool in the widespread "political sparring between China and the US". (Macbride, 2019) Investors might question why investing in China could be profitable, as the country recently increased its regulations on investors and public companies, all this for the "common prosperity", as referred by the communist party. First, the regulations are only

directed to particular sectors such as gaming, there are other sectors that the government even supports, for instance the semiconductor, green tech and consumer brands. (Kleintop, 2021) In addition, China is known for its competitiveness and its capital availability, as the government is the major lender in the country, which are strong factors to coax investors and that could not be found in other countries. Talking numbers, the [Financial Times](#) reported that investors have been compensated by the high volatility in the Chinese market with strong annualized total returns. From August 2001 to August 2021, the MSCI China Index produced an annualized total return of 12.3 per cent, outperforming the 9.3 per cent produced by the S&P 500. (Kleintop, 2021)

In Singapore, things are moving fast as well, the Singapore Exchange (SGX) allowed SPACs to list from September 3, just one day after the stock exchange announced it had concluded the consultation on the subject. Singapore regulators set a minimum market cap of S\$150 million (US\$112 million) and limited SPACs to the SGX's main board. That is more in line with thresholds for listings on the New York Stock Exchange or Nasdaq than the HKEX. (Yiu and Bray, 2021) Jonathan Lin, the CEO of Magnum Opus Acquisition that recently acquired Forbes magazine, adds that this represents a new opportunity for companies to go public, and with better conditions than the SEC imposes. (Bray, 2021)

On the other side, the Cayman Islands have a great advantage for SPAC M&A, as the regulation presents great flexibility, and the process is easily approved. Moreover, its tax-free regulation allows companies to remain listed in the country for up to 50 years without any taxation. These pros are certainly incentives for sponsors to invest in SPAC vehicles that intend to make operations with the country. (Bennet and Bulley, 2020)

These are part of the numerous reasons why SPACs emerged around the world, however, as this research paper will focus on the concrete determinants that inspire SPAC investors to emerge in more and more countries, we will focus our analysis on several specific economic and financial indicators that are named below.

The benefits of using such a vehicle are that during the process of going public, in comparison to a typical IPO, Kolb and Tykvova (2016) argue that SPACs ease the entry on the public market, and so it is preferred to do so in difficult times. Loughran and Ritter (2002) explain that the SPAC process saves the high costs observed in the traditional IPO (legal fees, audits, etc. for instance), and plainly avoids the tedious process of a traditional IPO, thus having more flexibility, as “they are not required to supply the detailed financial statements and other disclosures that usually accompany initial public offerings” (Sjosytrom, 2008).

Barlow (2021), Dimitrova (2016), and other researchers, or even representatives from Goldman Sachs agree on one positive outcome from the SPAC operation: as more cash is levered in the transaction by the sponsors (because the mechanics are more common to an M&A process, hence profits are easily transferable, which is not the case in a traditional IPO), SPAC firms will have a greater payoff ratio thanks to a higher valuation in the process thus bringing more earn-outs in the short term to private investors. Hence, it seems legit that the target company must be ready for an efficient move towards the interests of the sponsors, otherwise it would go bankrupt as some investors will surely cash out their investments at an early stage. That is the reason why Dimitrova (2016), Kolb and Tykvova (2016) demonstrated that, in the long run, SPAC firms perform poorly as the entity is more levered and provide less growth opportunities (usually two years after the acquisition) than a firm that goes through a traditional IPO.

The other positive outcomes of using SPAC vehicles might be forward-looking for companies that would assess the different conditions mentioned. As Olympia McNerney (2021), the managing director of SPAC businesses at Goldman Sachs, mentions the shell company offers the opportunity for the acquired company to be completely revamped at a higher level, thanks to the sponsor's credibility, experience and surely his or her capital access to financing.

With all these pros and cons that in the end seem to be in balance, some might question the conditions for a company to survive an acquisition through a SPAC, as most sponsors are only interested in cashing out the profit after the deal occurred. First, Vulcanovic (2017) and Hensler et al. (1997) argue that it goes without saying that the survival time for an IPO is directly linked to its size, activity and initial return in the market, and the percentage of ownership by the sponsors. Moreover, Jain and Kini (1999) found evidence that, as far as the health of a company that went public is concerned, if the company had been financed by banks, it would not be as healthy as it could be (because of the outside source of financing, and bank financing is assumed to be the least interesting alternative to back an acquisition in the debt or equity market), and so its probability to survive would decrease depending on the bank financing percentage. Then, the SPAC vehicle itself requires founders to have a considerable experience in the private equity sector (or in the financial market) as Chancharat et al. (2012) suggest the committee structure will have a direct effect on the probability of survival. Thanks to Vulcanovic (2017), we can affirm that the underwriters' commitments are thus of major importance, because the pricier they are, the lower their commitments and so the survival likelihood is: they know the market, have a valuable post-issue monitoring, and have a large client database to bolster the IPO transaction if needed. However, as the SPAC manager must privilege any acquisition over no acquisition, bad acquisitions are more probable to occur. SPAC IPO performance has been demonstrated to be worse than a traditional IPO, as underwriters will not focus on the quality of the company and try mainly to complete the deal before the end of the contract, thus increasing the likeliness of pitching bad deals to SPAC sponsors (Dimitrova, 2016).

The following of this document is organized as follows: section II presents the hypothesis, section III outlines the data and sample collection process, and the methodology, section IV describes the results found and section V gives the conclusion and remarks about the research.

II. Hypothesis

Regulations

As Schumacher underlined in his article "*A New Development in Private Equity: The Rise and Progression of Special Purpose Acquisition Companies in Europe and Asia*" (2020), Special Purpose Acquisition Companies tend to occur when the regulation towards making a company public is lengthy and expensive. For instance, in Asia, the private equity sector has been growing strongly for many years, due to the ease of regulations by the Association of Southeast Asian Nations (ASEAN) and provides a lengthier deadline for the SPAC to occur (Schumacher, 2020), which helps sponsors avoid having to choose bad deals as previously mentioned. Hence, we draw our first hypothesis based on the assumption mentioned above:

H.1.1. Do SPACs occur where the investor is more protected?

Which leads us to an overall critical thinking as whether do the regulations imposed by governing agencies directly impact the choice of opting for a SPAC vehicle in a given country.

Developed financial and economic countries

As previously said, any sponsor conducting a SPAC IPO must have a M&A or private equity background as it enhances the investor's confidence in his or her investment. Hence, we have inquired the following hypothesis:

H.2.1. Are developed private equity markets incurring more SPACs to appear in the same markets?

If our answer reveals true, one can suppose that countries with high private equity trends will necessarily incur more SPACs to appear.

On the other hand, we consider economic factors which will reveal if SPACs appear in more developed countries, as we suppose that developed countries will attract more SPACs than developing countries, that could be considered as more infant to such financial vehicles. Hence, by taking economic indicators which reveals if a country is whether developed or not, we could consider the Gross Domestic Product (GDP), Inflation, and the economic development as such variables.

The GDP is said to be the measure of total production, hence, as Roser (2013) underlines, "it is the monetary value of all final goods and services produced within a country or region in a specific time period." He also adds that the GDP is computed in three equivalent ways:

The Income earned from production of goods and services, the value of final outputs minus the inputs used (Production) and the Expenditure on final goods and services by all parties in a country. Thanks to this definition, one could link the level of the GDP to a developed country; a high level of GDP is directly correlated to a developed country and vice versa. What links a GDP to the volume of investments is that as long as a country is in a sustainable environment (strong GDP level), it will present less risk to investors due to less economic disruptions and uncertainty.

Inflation is the continuous rise of prices (Malliaris, 2006), as such, as the Federal Open Market Committee (2020) mentions, "when inflation is said to remain low and stable, they are able to make sound decisions regarding saving, borrowing, and investment, which contributes to a well-functioning economy." Inflation is said to be controlled in developed countries as strong financial systems are implemented (Pétursson, 2008) and that inflation rates from all developed countries tend to move together (Jacobson & Pasaogullari, 2011), thus based on inflation, the developed countries should have the same attractiveness to SPACs vehicles.

The economic development erodes from the two previous concepts described above but it is mainly categorized due to three factors: The improvement of standard of living through support of innovation, infrastructure and workforce developments through the implementation of written laws, tax legislation and security. Hence, in order to foster economic development, governments will ease the access to investments processes and so investors will be looking for countries that present a safe environment which nurse investments. (Feldman & Al., 2015)

Thus, the questions related to these variables would be:

H.2.2. Do more SPACs appear in developed countries relative to their GDP and Inflation?

If this question reveals false, we will reinvigorate our assumption and assume that SPACs are independent on the country's developed level.

However, if our last assumption reveals to be true, we will further develop our hypothesis. As whether the earnings of the company are reinvested or distributed to the investors, these decisions-making have been subject to much scrutiny by investors and economists as they have major implications for the market value of the company and so in the country's investment volume. The dividend policy has seen considerable efforts from developed countries to be theorized, which is not the case in developing countries. Glen & Al. in *International Finance Corporation* (1995) found evidence that "there are notable differences in dividend behavior in developed and developing countries" and that governments from developed countries are playing an active role in the dividend policy of their domestic companies. This research has allowed to us to draw our next hypothesis regarding the number of emerging SPACs in the different countries, as investors using the vehicle to bypass the IPO process are said to cash out their total investment as soon as a minimum profit has been observed. Here, Glen & Al. (1995) demonstrated that "dividend payments tend to be more volatile in emerging markets than in developed countries", which drives us to the following hypothesis:

H.2.3. Is the dividend policy affecting the emergence of SPACs?

As Huang & Al. underline in *The geography of initial coin offerings* (2019), Information and Communication Technology (ICT) provides opportunities for entrepreneurs and investment opportunities (digital services, network equipment, updating software and more). Hence, ICT is the bull's-eye for SPACs as sharing information about new products and competition is becoming more and more relevant towards investor's relations, whom are the core of SPACs well-functioning outcome. We are convinced that some developed countries have better ICT systems than others, therefore, we will further expand our analysis on ICT, implying our last hypothesis on why SPACs are emerging more rapidly in some countries than others.

H.2.4. Is a better implementation of an ICT system a key driver for the emergence of SPACs?

With these five-hypothesis built, it is our belief that SPACs will appear in more developed countries thanks to the different conditions mentioned.

III. Sample, Data Collection and Methodology

1) Sample and Data Collection

To understand why investors are more prone to use a SPAC vehicle in some countries than in others, we will separate the database accordingly. What is of major importance in this study is the demand side of deals from the investors. Retrieving data for the number of SPACs issued has been quite demanding, as the number of SPACs kept increasing and the number of empirical analyses remains limited.

Our independent variable being the SPAC per country, we have created our database based on the data gathered on Bloomberg under the IPO SPAC Index ticker. This allowed us to understand the different breakdowns of the SPACs across a large time-series, particularly the geographical breakdown in which we put our main interest in. However, as mentioned by Milos Vulanovic in *SPACs: post-merger survival* (2017), SPACs comply with the SEC and so they "timely file all the security issuance forms, quarterly and annual financial statements and corporate changes". Therefore, we were able to cross-check whether these companies have completed the SPAC recommendations and are well in the range of our database. We selected

the data ranging from January 1st, 2000, to May 25th, 2022, and selected the US Dollar as the main currency, as all the other data will be delivered in USD.

Then, according to the hypothesis presented in the previous section, we have developed a different data gathering methodology:

First, in order to measure the level of investor protection in a country, we gathered the database disclosed on the [World Bank Website](#), that allowed us to retrieve the data and information about the investor protection level that each country having a SPAC has, which are Voices and Accountability, Regulatory Quality, Political Stability and absence of violence and / or terrorism, Rule of Law, Government Effectiveness and the Control of Corruption.

Second, as we have developed in the hypothesis section, we presented the hypothesis that one can suppose that countries with high private equity trends will necessarily incur more SPACs to appear, we will also look at the private equity market within each country and determine whether or not a SPAC relies on this kind of market, thanks to the Bloomberg Terminal which allows to find this kind of information under the IPO Private Equity Index ticker.

For our third hypothesis, in order to answer our economic assumption that rely on the GDP and the inflation relationship with SPACs, we first delve on the metric used to describe the inflation rate in a country. It has been demonstrated by the [US Bureau of Labor Statistics](#) that inflation is measured thanks to the Consumer Price Index (CPI) of each country, and so allows us to undertake a more reliable computation method. The GDP and CPI are both available from many sources, hence crosschecking the information was easily feasible. The data gathered for the GDP and the CPI has been retrieved from the database of the World Bank.

Regarding the dividend policy in each country, we will use the findings developed by Gwilym & al. (2006) who researched international evidence on the payout ratio and explained that it could assess the future real dividend growth and returns, hence its policy, with respect to each country. They found that “higher payout ratios do indeed lead to higher real earnings growth-but not to higher real dividend growth”, as such, our dividend policy hypothesis will be based on the results which consider the dividend yield in each country, which has been retrieved from the Bloomberg Terminal.

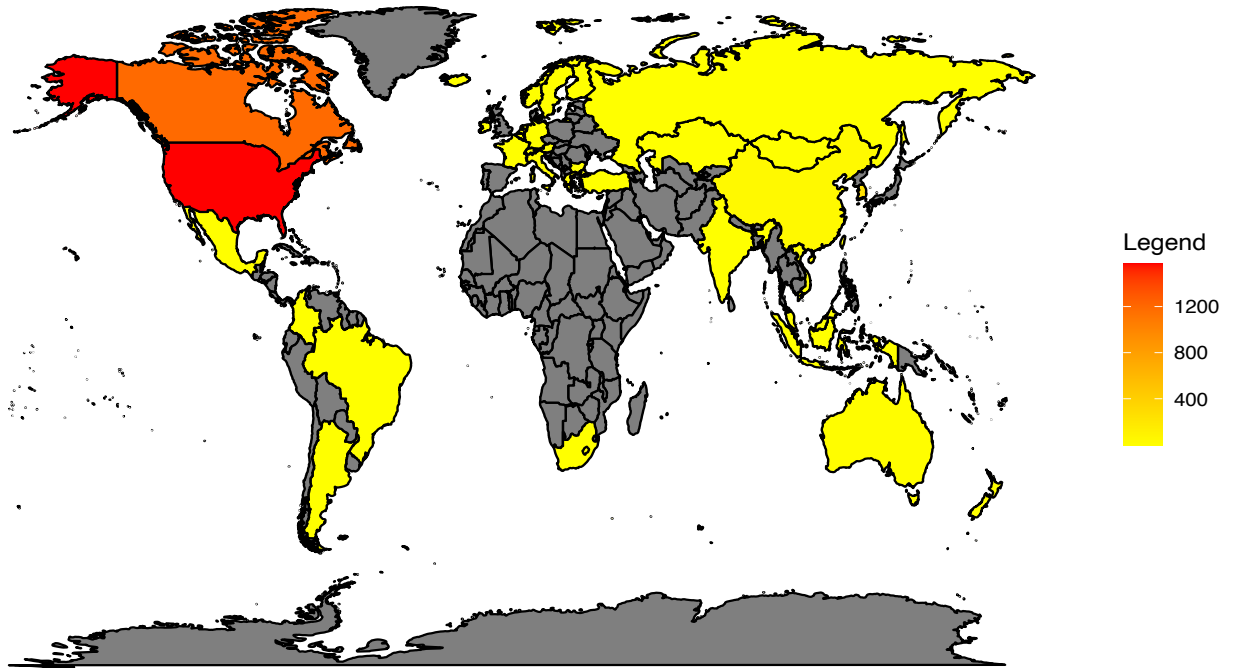
Finally, regarding the implementation of the ICT system in a country, we will use the same method acquired by Huang & al. (2019) in that they used a composite index which has three features of a country’s developments in ICT: Capability, Infrastructure and then intensity of use. This index was measured by the Information Telecommunication Union, the data gathered was available through the [World Bank Data Website](#) and allowed us to compare directly with each country the level of ICT system implementation following the same methodology in their research.

2) Methodology

For the purpose of this research, as we are describing the relationship between the amount of SPACs and their success (our two dependent variables) in every country and the different variables mentioned that incentivize the appearance of SPACs in the world (independent variables), we will be using an Ordinary Least Square regression (OLS), which estimates the coefficients of linear regression equations for our first dependent variable. Our dependent variable Y_i is the number of SPACs per country from January 3rd, 2000 to April 1st, 2022, the database covers over 48 countries in the world, where details can be found in table 1 of the

Appendix. However, as we also wanted to describe the success of SPACs across the years and what factors determine this success, we posed our second dependent variable, Y_2 as the success measured in million dollars (USD). Hence, our dependent variable not being discrete, we used a \ln function, in order to not meet any misconception from our empirical analysis. The following figure demonstrates the geographical spread of the number of SPACs across countries.

Fig. 1 Map of the world with the number of SPACs per country.



The database being constructed with two PCAs and the other components being retrieved directly from different sources as previously mentioned, we drew the following equation which refers to a Negative Binomial Regression, as our database is very dispersed, with most of our data being heterogenous and having met more zero values than expected. The equation is further explained in the table 3 of this paper.

$$eq.1: No. of SPACs = \alpha + \beta_1(I.P.) + \beta_2(P.E.) + \beta_3(Div.Yield) + \beta_4(ICT) + \delta(Controls) + \varepsilon$$

$$eq.2: Success of SPACs = \alpha + \beta_1(I.P.) + \beta_2(P.E.) + \beta_3(Div.Yield) + \beta_4(ICT) + \delta(Controls) + \varepsilon$$

Where for eq.1 the dependent variable, No. of SPACs, is defined as the number of SPACs identified in each country from January 3rd, 2000 to April 1st, 2022, and four primary explanatory variables are considered. For eq.2 the dependent variable is the amount of success the number of SPACs have met across the years between 2000 to 2022, using the same primary explanatory variables and control variables, that are the GDP and the CPI which will help us answer our hypothesis 2.2.

First, regarding the first explanatory variable, when testing hypothesis 1.1, we conducted a Principal Component Analysis (PCA), which can be seen as a useful technique when many

variables interact with each other in our dataset for the investor protection. We used six variables in order to compose our investor protection index, which are the Voices and Accountability, Regulators Quality, Political Stability and absence of violence and / or terrorism, the Rule of Law, government effectiveness and the Control of Corruption, which were all found in the [World Bank website](#). Then, prior to our PCA computation, we had to narrow down the database to the same set of countries as well, which account for 48 countries as shown in our Table A in the Appendix. The Investor Protection index per country can be found in table 1 of this report.

Table 1 level of Investor Protection per country

Country	IP Indicator		
Argentina	5,870	Israel	0,003
Australia	5,381	Italy	0,024
Austria	4,914	Jersey	0,066
Bahamas	4,467	Kazakhstan	0,130
Belgium	4,042	Luxembourg	0,215
Bermuda	3,638	Macau	0,322
Brazil	3,255	Malaysia	0,449
British Virgin Island	2,894	Mexico	0,598
Bulgaria	2,554	Mongolia	0,768
Canada	2,234	Netherlands	0,959
Cayman Islands	1,937	New Zealand	1,172
China	1,660	Norway	1,405
Colombia	1,406	Russia	1,661
Finland	1,172	Singapore	1,938
France	0,959	South Africa	2,234
Germany	0,768	South Korea	2,554
Greece	0,598	Sweden	2,894
Guersney	0,449	Switzerland	3,255
Honk-Kong	0,322	Taiwan	3,638
Iceland	0,215	Turkey	4,042
India	0,130	UAE	4,467
Indonesia	0,066	United-Kingdom	4,913
Ireland	0,024	USA	5,381
Isle of Man	0,003	Vietnam	5,870

Second, the next explanatory variable is “P.E.”, which relates to the number of Private Equity vehicles identified in each country with a SPAC, covers the hypothesis 2.1. This variable refers to the total amount of private equities per country for the same period, that is from January 3rd, 2000 to April 1st, 2022.

Our third explanatory variable being the dividend yield (Div. Yield) per country, will directly refer to the hypothesis 2.3 which is the level of a dividend policy in every country. For this, we took the average percentage of dividends per country and linked it to our database thanks to β_3 .

Then, for the fourth explanatory variable which refers to hypothesis 2.4, we followed the same methodology used by Huang & al. (2019) regarding the ICT level a country has. Hence, we also followed a PCA computation method using three variables, that are the ICT capability (skills and knowledge), ICT infrastructure, and ICT intensity of use. The results are displayed in the table 2.

Table 2 ICT level per country

Country	ICT Indicator		
Argentina	0,587	Israel	0,003
Australia	0,538	Italy	0,024
Austria	0,491	Jersey	0,066
Bahamas	0,475	Kazakhstan	0,130
Belgium	0,409	Luxembourg	0,215
Bermuda	0,364	Macau	0,322
Brazil	0,326	Malaysia	0,449
British Virgin Island	0,289	Mexico	0,598
Bulgaria	0,255	Mongolia	0,768
Canada	0,223	Netherlands	0,959
Cayman Islands	0,194	New Zealand	0,117
China	0,166	Norway	0,141
Colombia	0,141	Russia	0,166
Finland	0,117	Singapore	0,194
France	0,959	South Africa	0,224
Germany	0,768	South Korea	0,255
Greece	0,598	Sweden	0,289
Guernsey	0,449	Switzerland	0,326
Honk-Kong	0,321	Taiwan	0,364
Iceland	0,215	Turkey	0,404
India	0,130	UAE	0,447
Indonesia	0,066	United-Kingdom	0,491
Ireland	0,024	USA	0,000
Isle of Man	0,003	Vietnam	0,587

Finally, our control variables which determine a country’s economic strength are composed of the logarithm of GDP per capita across the years in US Dollars, as well as the Inflation level of each country, which is assessed with the Consumer Price Index.

Detailed definitions for all our variables and data sources are summarized in Table 3.

Table 3 variable definition

Dependent Variables

Eq.1 No. of SPACs Number of Special Purpose Acquisition Companies identified in each country, from 3 January 2000 until 1 April 2022. Source: Bloomberg.

Eq.2 Success of SPACs Amount raised from each SPACs for every year between 2000 and 2022. Source: Bloomberg

Explanatory Variables

I.P. Level of Investor Protection (I.P.) developed. Principal Component Analysis. Source: World Bank.

Descriptions of I.P. components

Voices and Accountability *Reflects the perceptions of the extent to which a country's citizens can participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. Source: [World Bank](#).*

Political stability & no violence *Political Stability and Absence of Violence or Terrorism measures the perceptions of the likelihood of political instability and/or politically motivated violence, including terrorism. Source: [World Bank](#).*

Government effectiveness *Reflects perceptions of the quality of public and civil services, and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Source: [World Bank](#).*

Regulatory Quality *Reflects perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. Source: [World Bank](#).*

Rule of Law *Reflects perceptions of the extent to which agents have confidence in and abide by the rules of society, the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Source: [World Bank](#).*

Control of Corruption *Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. Source: [World Bank](#).*

P.E.	Number of Private Equities identified in each country with a SPAC, from 3 January 2000 until 1 April 2022. Source: Bloomberg.
Div. Yield	Percentage of Dividends given to investors in 2022. Source: Bloomberg.
ICT level	Level of Information and Communication Technology in each country. Principal Component Analysis from ICT Capability, ICT Infrastructure and ICT use of intensity, we used the same method as Huang & Al. (2019). Source: World Bank.

Control Variables

CPI	The Consumer Price Index for every given country that has been in relation with a SPAC. Source: World Bank.
GDP	The Gross Domestic Product for every given country that has been in relation with a SPAC. Source: World Bank.

Table 4 reports the average values, standard deviations, minimum, and maximum values of our main variables, calculated for the overall sample, additionally the five countries with the largest number of SPACs during the sample period (i.e., the USA, Canada, South Korea, the UK, and China). On average, there are three SPACs issued per year in our database. Furthermore, we observe several distinct country characteristics. First, the phenomenon is strongly asymmetric, with the top 5 countries by the number of SPACs representing more than 90% of the sample (3155 out of 3449 SPACs). Indeed, the standard deviation of the number of SPACs is 25.36, indicating a heavy variation among countries. Differences among countries are strong both with respect to fundamental macro-level differences (i.e., the GDP and CPI) and the main variables used in our study.

In particular, top countries by number of SPACs do not perform much better than the average in terms of Investor Protection, Dividends (except for China) and ICT Development. However, it appears that the amount of SPAC deals and Private Equities are positively correlated (at the exception for Canada and South Korea).

Table 4: descriptive statistics for the main variables employed in the analysis referred to the full sample and to the top 5 countries for the number of ICOs between January 3rd, 2000, to April 1st, 2022

	Full sample				Top 5 countries for the number of SPACs				
	Mean	Std	Min	Max	USA	Canada	South Korea	UK	China
SPACs (No.)	3.121	25.362	0.000	713	1571	1187	262	78	57
Success (million \$)	500.2	8458.5	0.000	243949	503878	4038,76	2760,1	3953	2985,26
Investor Protection (score)	0.336	0.233	0.003	0.959	5.381	2.234	2.554	4.913	1.660
Private Equities (No.)	2.699	11.456	0.000	146	1464	54	54	246	157
Dividend Yield (%)	0.020	0.017	0.000	0.067	0.013	0.030	0.037	0.026	0.046
ICT (score)	0.325	0.236	0.000	0.959	0.00	0.220	0.260	0.490	0.170
CPI (mean)	2.711	4.232	-4.478	54.915	1.941	1.708	2.126	1.784	2.045
GDP (mean)	4.295	1.615	2.591	5.092	4.693	4.602	4.347	4.605	3.580

IV. Results

Table 5 reports our main empirical results respectively for each hypothesis (models 1.1 to 2.3) and a joint assessment for all hypotheses (model 5).

In model 1, we find a positive and significant coefficient on Investor Protection Index both for the number of deals as well as for their success with a p value < 0.01 and p value < 0.05 respectively, thus supporting our hypothesis 1.1 relating that SPACs occur when the investor is more protected in a country compared to others.

The second model are correlated to our second assumption on developed financial and economic countries. First, regarding the number of SPACs that occurred per country, we find a significant correlation among all our variables for hypothesis 2.1 to 2.4, with all having a p value < 0.01 , which thus strengthen our assumption that SPACs occur in more advanced economic and financial countries. Nevertheless, the correlation to the dividend yield is negative, implying that a lower dividend yield in a country will attract more SPACs to occur, which is in line with the PIPE principle explained earlier in this article. However, we find a difference regarding their success; developed countries who have a higher dividend yield are not necessarily significantly correlated to the successful SPACs they have. Regarding our other hypothesis, all are statistically significant, implying that countries which have a high number of private equities are more probable to have successful SPACs (with a p value < 0.01) as well as for countries with a strong ICT system implementation (p value < 0.05), thus bolstering our hypothesis 2.2 and 2.4. Hypothesis 2.1 has been tested in the joint test and reveals the same result, that developed countries related to their GDP and CPI level have a stronger success amount of SPACs.

Regarding our last model, we jointly test for the significance of the four hypotheses. Regarding the number of SPACs that occurred per country we found that our four main variables are all statistically significant regarding the number of SPACs that occurred per country, with p values lower than 5% in all cases. However, only our ICT variable is negatively correlated, which means that considering other variables in our model, our assumption that a strong ICT development in a country does not incur more SPAC to appear, but the contrary. As far as the control variables are concerned, we find that the CPI increases with the number of SPACs, being statically significant at a 10% level. Besides, the GDP is also statistically significant at the 1% level, as it increases with the number of SPACs. Then, for the SPACs that are successful, we found that only at the investor protection level, the number of private equities as well as the level of ICT per country are statistically significant at 5%, 1% and 5% respectively. Indeed, the dividend yield being not significant alone doesn't allow us to have any statistical significance for the joint test. We would like to address another important observation with respect to the successful SPACs a country has; the level of ICT might be statistically significant, but it is as well negatively correlated, hence aligning our assumption that a lower level of ICT development will incur more SPACs to appear, or in other words, it is not correlated. With regards to our control variables, none of them are significant, despite increasing with the success rate of SPACs in a given country.

Table 5 Determinants of SPAC success

	(1.1)		(2.2)		(2.3)		(2.4)		(3)	
	No.	Success	No.	Success	No.	Success	No.	Success	No.	Success
IP	0.585*	454.193**	-	-	-	-	-	-	0.255**	365.505**
	(0.069)	(142.531)							(0.075)	(157.896)
No. PE	-	-	0.071*	153.887*	-	-	-	-	0.037*	132.567*
			(0.009)	(22.955)					(0.009)	(24.161)
Div. Y	-	-	-	-	-26.494*	-14819.741	-	-	63,692*	-15557.557
					(6.959)	(15839)			(7.181)	(15965.049)
ICT	-	-	-	-	-	-	4.621*	-2722.188**	-3.793*	-2458.158***
							(0.515)	(1094.6)	(0.576)	(1162.389)
CPI	0.306	5.743	0.319	6.570	0.322	6.828	0.289	3.994	0.190***	2.137
	(0.052)	(64.347)	(0.052)	(67.787)	(0.053)	(64.673)	(0.048)	(64.466)	(0.053)	(67.8)
GDP	0.826	55.137	0.735	4.568	0.794	224.347	0.824	171.564	0.328*	54.007
	(0.119)	(233.645)	(0.119)	(234.878)	(0.138)	(247.349)	0.121	(232.542)	(0.318)	(249.256)
2001	1.052	35.946	0.776	44.905	0.689	36.446	0.37§	36.365	0.697	43.988
	(0.807)	(1775)	(0.803)	(1823)	(0.858)	(1783)	(0.809)	(1778)	(0.779)	(1818)
2002	-0.087	-16.919	-0.478	-72.069	-0.451	-20.055	-0.563	-17.424	-0.284	-66.521
	0.837	(1775)	(0.838)	(1824)	(0.890)	(1783)	(0.844)	(1779)	(0.822)	(1819)
2003	-0.003	-13.583	-0.300	-31.314	-0.290	-27.750	-0.642	-19.853	-0.322	-35.745
	(0.834)	(1777)	(0.826)	(1825)	(0.879)	(1785)	(0.839)	(1780)	(0.819)	(1820)
2004	0.990	7.234	0.472	-189.685	0.627	-17.710	0.441	-5.434	0.632	-173.107
	(0.808)	(1779)	(0.799)	(1827)	(0.847)	(1787)	(0.796)	(1782)	(0.773)	(1822)
2005	1.257	138.781	0.417	-115.332	1.417	107.085	0.586	120.167	0.753	-90.779
	(0.804)	(1777)	(0.804)	(1826)	(0.837)	1785.475	(0.795)	(1780)	(0.772)	(1821)
2006	1.388	153.930	0.703	-127.974	1.453	115.186	0.781	130.239	0.774	-102.102
	(0.803)	(1777)	(0.798)	(1826)	(0.836)	(1785)	(0.790)	(1780)	(0.774)	(1821)
2007	2.153	544.613	1.521	175.992	2.042	495.512	1.532	513.549	1.935	214.762
	(0.797)	(1777)	(0.787)	(1826)	(0.829)	(1785)	(0.778)	(1781)	(0.748)	(1822)
2008	1.749	188.860	1.463	164.719	1.910	155.750	1.272	178.246	1.740	145.169
	(0.799)	(1770)	(0.809)	1819.446	(0.851)	(1778)	(0.799)	(1773)	(0.765)	(1814)
2009	0.866	-62.303	-0.395	-97.830	-0.423	-92.739	-0.566	-61.875	0.032	-125.589
	(0.810)	(1772)	(0.817)	(1819)	(0.869)	(1780)	(0.820)	(1775)	(0.789)	(1814)
2010	1.639	-25.091	0.782	-363.829	1.051	-72.531	0.719	-41.150	1.021	-364.524
	(0.800)	(1761)	(0.785)	(1808)	(0.829)	(1769)	(0.779)	(1764)	(0.755)	(1804)
2011	1.745	47.250	1.155	-400.622	1.497	-6.998	1.128	24.202	1.467	-385.579
	(0.799)	(1759)	(0.784)	(1807)	(0.828)	(1767)	(0.777)	(1762)	(0.750)	(1803)
2012	1.203	-46.391	0.053	-416.142	0.327	-101.736	0.083	-68.258	0.379	-414.563
	(0.805)	(1761)	0.800	(1808)	(0.843)	(1769)	(0.793)	(1764)	(0.774)	(1804)
2013	0.887	-5.648	-0.153	-597.293	0.491	-63.873	0.322	-28.481	0.491	-566.569
	(0.810)	(1763)	(0.802)	(1811)	(0.837)	1771.629	(0.786)	(1766)	(0.768)	(1807)
2014	0.855	14.344	0.032	-623.186	0.266	-44.983	0.159	-8.661	0.101	-587.024
	(0.811)	(1764)	(0.796)	(1813)	(0.839)	(1772)	(0.787)	(1767)	(0.779)	(1809)
2015	1.278	89.775	0.131	-787.529	0.355	36.547	0.234	72.113	0.279	-717.806
	(0.804)	(1766)	(0.791)	(1818)	0.837	(1774)	(0.785)	(1769)	(0.771)	(1814)
2016	0.689	61.300	-0.417	-701.739	0.124	8.554	-0.105	43.930	0.151	-647.202
	(0.814)	(1766)	(0.805)	(1816)	(0.841)	(1774)	(0.792)	(1769)	(0.776)	(1812)
2017	1.691	319.781	0.367	-549.765	1.165	272.683	0.972	309.175	0.940	-464.608
	(0.799)	(1773)	(0.790)	(1825)	(0.826)	(1782)	(0.775)	(1777)	(0.758)	(1821)

2018	2.077 (0.797)	272.174 (1773)	1.066 (0.782)	-142.709 (1820)	1.454 (0.825)	222.023 (1781)	1.138 (0.775)	258.976 (1776)	1.344 (0.749)	-121.145 (1816)
2019	1.506 (0.802)	327.260 (1774)	0.467 (0.788)	140.038 (1821)	1.089 (0.828)	277.606 (1782)	0.481 (0.784)	314.995 (1777)	0.687 (0.763)	129.867 (1816)
2020	1.844 (0.798)	2867.479 (1777)	0.295 (0.792)	2860.241 (1824)	1.933 (0.821)	2840.240 (1785)	1.039 (0.774)	2872.491 (1780)	1.098 (0.753)	2845.104 (1819)
2021	3.031 (0.793)	5597.880 (1985)	4.495 (0.911)	5525.026 (2026)	6.121 (0.989)	6238.123 (2011)	5.681 (0.905)	6061.808 (1985)	3.945 (0.884)	5717.433 (2042)
2022	1.324 (0.804)	317.007 (1985)	3.369 (0.914)	235.345 (2025)	3.610 (0.995)	957.251 (2011)	3.363 (0.918)	780.935 (1985)	2.116 (0.901)	397.162 (2041)

The table reports the results of Negative binomial regressions on the number of SPACs by country (No.), and on the degree of success (Success) measured in million Dollars (USD). Models (1-4) test separately for Hypotheses 1.1-2.4, while Model (5) provides for a joint test. In each model we use all observations available, depending on the different sources. *, **, and *** indicate significance at the 1%, 5%, and 10% levels. Robust Standard errors are in parentheses.

V. Concluding remarks

According to their location, SPACs may be driven by other incentives, such as their source of funding, as demonstrated by Jain and Kini (1999). A SPAC is another form of going public which allows non-eligible firms to do so by by-passing the lengthy and burdensome process of a classical IPO. Our study highlights the importance of the financial system of a country regarding the IPO as it turns out to be a strong motive in finding new vehicles of investing. Additionally, this would result in a strong impact on economic and financial growth improvement, as economic factors are directly related to the emergence of a SPAC in a given country. The data also exhibits the importance of the investor protection level in a country with respect to both the number of SPACs and their success rate, as the SEC has already enforced its regulations towards the SPAC vehicle, despite other countries are now embracing the new vehicle for more investments to occur, suggesting that they are actively presenting their intentions on regulating SPACs, instead of banning them or having no actions, in order to attract more SPACs. On the other hand, SPACs are not directly correlated to the amount of dividend yield a country has, hence we can assume that the investor is not directly interested by the dividend yield he or she will receive, as one is expecting a return on their initial investment plus interests. However, each country that has a developed private equity market is more likely to attract more SPAC, which could be explained by the theory that a SPAC is an alternative vehicle to the private equity market. Then, a strong ICT market development incentivizes a SPAC to occur more frequently, as the communication among investors is being enhanced by a swift ICT infrastructure developed in a country, and so facilitates the transaction process and announcements, but does not determine the success factor of SPAC, as the success can only be measured after the communication for investing purposes has been made.

This is one of the first empirical studies on SPACs. As for that, we expect it to be of interest for other researchers and policymakers interested in this long-term emerging financial market. For sponsors, understanding the geography of SPACs is indeed useful to decide where to launch an SPAC by identifying the most suitable regulatory, financial and economic environment to raise funds through investors. For policymakers, this offers fresh insights that can be used to draw comparisons across various types of early-stage capital markets (at the exception of the US). The findings of the econometric analysis should also be of interest for researchers in

entrepreneurial finance as well as in regional economics, as new insights are offered about the drivers of the ICO activity across countries.

Bibliography

- BARLOW, M., CHITWOOD, C.M., ELLIN, H.L., GASAWAY, P.M., NOEL, G.A., *The Year of the SPAC*, <https://www.skadden.com/insights/publications/2021/%2001/2021-insights/corporate/the-year-of-the-spac#:~:text=According>, January 26th, 2021, consulted on June 19th, 2021.
- BENNET, D., BULLEY, D., *The use of Cayman Islands structures for SPAC IPOS*, <https://www.applebyglobal.com/publications/the-use-of-cayman-islands-structures-for-spac-ipos/>, July 27th, 2020, consulted on November 15th, 2021.
- BLOMKVIST, M., VULANOVIC, M., (2020), “SPAC IPO waves”, in *Economic Letters*, vol. 197.
- BRAY, C., *Singapore to let blank cheque companies raise funds starting on September 3, beating Hong Kong to the punch with SPACs*, <https://finance.yahoo.com/news/singapore-let-blank-cheque-companies-093000743.html>, September 2nd, 2021, consulted on November 13th, 2021.
- CHANCHARAT, N., KRISHNAMURTI, C., TIAN, G., 2012, “Board structure and survival of new economy IPO firms”, in *Corporate Governance: An International Review*, Vol. 20 No. 2, pp. 144-163.
- CONNERS, C., KOSTIN D., January 28, 2021, “The IPO SPAC-Tackle”, in *Goldman Sachs Global Macro Research*, n°95, pp.1-24.
- CUMMING, D., HELGE HAB, L., SCHWEIZER, D., 2014, “The fast track IPO – Success factors for taking firms public with SPACs”, in *Journal of Banking and Finance*, vol. 47, pp.198-213.
- DIMITROVA, L., (2016), “Perverse incentives of special purpose acquisition companies, the “poor man's private equity funds””, in *Journal of Accounting and Economics*, vol. 63, pp.99–120.
- FELDMAN, M., HADJIMICHAEL, T., KEMENY, T., LANAHAN, L., November 16, 2015, “Economic Development: A Definition and Model for Investment”, in *Journal of Economic Literature*, vol. 34, issue 1.
- GLEN, J.D., KARMOKOLIAS, Y., MILLER, R.R., SHAH, S., July, 1995, “Dividend Policy and Behavior in Emerging Markets, To Pay or Not to Pay”, in *International Finance Corporation*, discussion paper n.26.
- GWYLIM, O. AP., SEATON, J., SUDDASON, K., THOMAS, S., Jan-Feb, 2006, “International Evidence on the Payout Ratio, Earnings, Dividends, and Returns”, in *Financial Analysis Journal*, vol. 62, Number 1.
- GRIMBERG, J., LIPTON GALBRAITH, G., NATHAN, A., January 28, 2021, “The IPO SPAC-Tackle”, in *Goldman Sachs Global Macro Research*, n°95, pp.1-24.
- HENSLER, D.A., RUTHERFORD, R.C. SPRINGER, T.M. (1997), “The survival of initial public offerings in the aftermarket”, in *Journal of Financial Research*, Vol. 20 No. 1, pp. 93-110.
- HU, K., PRENTICE, C., SEN, A., *Exclusive U.S. SEC cracks down a second time on SPAC equity accounting treatment – sources*, <https://www.reuters.com/business/finance/exclusive-us-sec-cracks-down-second-time-spac-equity-accounting-treatment-2021-09-28/>, September 28th, 2021, consulted on November 20th, 2021.
- HUANG, W., MEOLI, M., VISMARA, S., 9 January 2019, “The geography of initial coin offerings”, in *Small Business Economics*, vol. 55, pp. 77-102.
- JACOBSON, M., PASAOGULLARI, M., *Inflation in Developed Countries*, <https://www.clevelandfed.org/en/newsroom-and-events/publications/economic-trends/2011-economic-trends/et-20111108-inflation-in-developed-countries.aspx>, August 11, 2011, consulted on January 21st, 2022.

JAIN, B.A. and KINI, O. (1999), “The life cycle of initial public offering firms”, in *Journal of Business Finance & Accounting*, Vol. 26 Nos 9-10, pp. 1281-1307.

KLEINTOP, J., *The bull case for investing in China*, <https://www.ft.com/content/d615d98e-4bba-47eb-a697-3dc821af251c>, October 4th, 2021, consulted on November 24th, 2021.

KOLB, J., TYKVOVA, T., (2016), “Going public via special purpose acquisition companies: Frogs do not turn into princes”, in *Journal of Corporate Finance*, vol. 40, pp.80-96.

LA PORTA, R., LOPEZ-DE-SILANES, F., SHLEIFER, A., VISNHY, R., (1998), “Investor protection and corporate governance”, in *Journal of Financial Economics*, vol.58, pp.3-27.

LOUGHRAN, T., RITTER, J., (2002), “Why don't issuers get upset about leaving money on the table in IPOs?”, in *Rev. Financ. Stud.*, Vol.15 (2), pp. 413–444.

MACBRIDE, E., *Why this \$35 Billion Private Equity Firm is Still Bullish on China*, <https://www.cnbc.com/2019/10/02/35-billion-private-equity-firm-is-bullish-on-china-despite-trade-war.html>, October 2nd, 2019, consulted September 20th, 2021.

Malliaris, A., (2006), “Us inflation and commodity prices: Analytical and empirical issues” in *Journal of Macroeconomics*, Vol 28(1), pp. 267-271.

MOK, J., *Review and Implementation of SPACs in Korea*, <https://fस्कorea.wordpress.com/2010/03/24/review-and-implementation-of-spacs-in-korea/>, March 24th, 2010, consulted in September 13th, 2021.

PÉTURSSON, T.G., (2008), “How hard can it be? Inflation control around the world”, in *Central Bank of Iceland*, No. 40.

ROSER, M., (2013), *Economic Growth*, <https://ourworldindata.org/economic-growth#citation>, 2013, consulted in January 21st, 2022.

SCHUMACHER, B., (2020), “A New Development in Private Equity: The Rise and Progression of Special Purpose Acquisition Companies in Europe and Asia”, in *Northwestern Journal of International Law & Business*, vol.40, No.3, pp.391-413.

SHEAD, S., *Billionaire investor Chamath Palihapitiya backs UK insurance start-up as it pivots from drones to cars*, <https://www.cnbc.com/2021/07/29/chamath-palihapitiya-backs-uk-insurance-start-up-flock.html>, July 29th 2021, Consulted on November 18th, 2021.

SJOSTROM, W., (2008), “The truth about reverse mergers.” in *Entrep. Bus. Law J.* vol.2, pp.231–247.

The Tech Billionaire Who Became the King of SPACs, August 24th 2021, Consulted on November 18th, 2021.

VULANOVIC, M., (2017), “SPACs, post-merger survival”, in *Department of Finance, EDHEC Business School, Roubaix, France*, pp.679-699.

Why does the federal reserve aim for inflation of 2 percent over the longer run? August 27, 2020, https://www.federalreserve.gov/faqs/economy_14400.htm, consulted on January 21st, 2022.

YIU, E., *Financial firms' race to list first SPAC in Hong Kong heats up as HKEX decision nears*, <https://www.scmp.com/business/banking-finance/article/3154351/financial-firms-race-list-first-spac-hong-kong-heats-hkex>, November 1st, 2021, consulted on November 13th, 2021.

YIU, E. BRAY C., *Hong Kong proposes SPAC listings, restricts to professional investors*, https://finance.yahoo.com/news/hong-kong-proposes-spac-listings-093000089.html?guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAA9OVHQotPdofTF8V4iyvPyDMcxGu0Y-vS_6gCK-rX-Jus8DjivLXAK51qKc-a6Ej4n4VlqOgZVyT-IS99Uy-ksCIH1OvRPZuXjbSkSmMg8ZkDVHmlUdEGQGyFbDyY_of9dhsdWiltBiHKhAux9mnF35TzUWoi8XPp2eVd6lkt-C&guccounter=2, September 17th, 2021, consulted on November 13th, 2021.

<https://www.bls.gov/opub/hom/cpi/history.htm>, *US Bureau of Labor Statistic*, November 24, 2020, consulted on March 14, 2022.

<https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx>, *ITU: Committed to connecting the world*, consulted on March 15, 2022.

https://tcdata360.worldbank.org/indicators/h0f6d6fc5?country=BRA&indicator=647&viz=line_chart&years=2007,2017, *THE WORLD BANK*, consulted on March 24, 2022.

<https://www.dealpointdata.com/rj?vb=Action.intras&app=ma&id=q-2042271408>, Deal Point Data, consulted November 20th, 2021.

<https://www.sec.gov/news/press-release/2021-238>, *U.S. Securities and Exchange Commission*, consulted November 23rd, 2021

<https://www.spacanalytics.com/>, *SPAC Analytics*, consulted November 20th, 2021.

<https://www.statista.com/statistics/1178249/spac-ipo-usa/>, *statista*, consulted November 20th, 2021.

<https://www.whitecase.com/publications/insight/us-spacs-data-hub>, *white & case*, consulted November 20th, 2021.

Appendix

Table A: Distribution of SPACs among countries

Country	SPACs		
	No.	%	Funding (million US\$)
USA	1571	45.549	100 – 10000
Canada	1187	34.416	100 – 500
South Korea	262	7.596	100
UK	78	2.262	100 – 10000
China	57	1.653	100 – 500
Honk-Kong	56	1.624	100 – 1000
Italy	28	0.812	100 – 1000
Cayman Islands	27	0.783	100 – 10000
Singapore	27	0.783	100 – 500
Australia	18	0.522	100 – 500
Israel	14	0.406	100 – 500
Malaysia	13	0.377	100 – 500
Netherlands	12	0.348	100 – 1000
Luxembourg	10	0.290	100 – 500
Mexico	8	0.232	100 – 1000
Sweden	8	0.232	100 – 500
British Virgin Island	7	0.203	100 – 10000
Greece	7	0.203	100 – 500
France	6	0.174	100 – 500
South Africa	5	0.145	100
Switzerland	5	0.145	100 – 500
Brazil	3	0.087	100 – 500
Germany	3	0.087	100 – 500
Russia	3	0.087	100 – 500
Argentina	2	0.058	100 – 500
Bahamas	2	0.058	100 – 500
Bermuda	2	0.058	100 – 1000
Bulgaria	2	0.058	100
Finland	2	0.058	100 – 500
Guersney	2	0.058	100 – 500
India	2	0.058	100
Jersey	2	0.058	100
New Zealand	2	0.058	100
UAE	2	0.058	100 – 500
Austria	1	0.029	100 – 500
Belgium	1	0.029	100 – 500
Colombia	1	0.029	100

Iceland	1	0.029	100
Indonesia	1	0.029	100 - 500
Ireland	1	0.029	100 – 500
Isle of Man	1	0.029	100
Kazakhstan	1	0.029	100 – 500
Macau	1	0.029	100
Mongolia	1	0.029	100
Norway	1	0.029	100 – 500
Taiwan	1	0.029	100 – 500
Turkey	1	0.029	100
Vietnam	1	0.029	100

Table 2: Distribution of successful SPACs across the years

Year	SPACs	
	Number	Success (millions \$)
2000	29	565,472
2001	67	2340,613
2002	22	120,165
2003	24	596,621
2004	72	1605,293
2005	124	7330,478
2006	118	8119,114
2007	245	25608,614
2008	153	10178,821
2009	52	157,863
2010	130	1880,473
2011	144	5070,138
2012	79	885,052
2013	56	3166,594
2014	72	3869,268
2015	100	7700,369
2016	56	6319,512
2017	133	18080,899
2018	193	15199,774
2019	149	18481,831
2020	383	134591,033
2021	953	251922,064
2022	92	7451,380

