Over 55 of the Nation's Leading Law Firms Respond to Investment Company Act Lawsuits Targeting the SPAC Industry

August 30, 2021

Recently a purported shareholder of certain special purpose acquisition companies (SPACs) initiated derivative lawsuits asserting that the SPACs are investment companies under the Investment Company Act of 1940, because proceeds from their initial public offerings are e or more operating companies within a specified period of time. In itial business combination, SPAC investors may elect to remain invested in any or get their money back. If a business combination is not completed in time, investors also get their money back. Pending the earlier of usiness combination or the failure to complete a business combination eframe, almost all of a SPAC's assets are held in a trust account and reasuries and qualifying money market funds.

standing interpretations of the 1940 Act, and its plain statutory text, any rarily holds short-term treasuries and qualifying money market funds primary business of seeking a business combination with one or more is not an investment company under the 1940 Act. As a result, more than ave been reviewed by the staff of the SEC over two decades and have not subject to the 1940 Act.

firms view the assertion that SPACs are investment companies as without and believe that a SPAC is not an investment company under the 1940 Act

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