
Legal Framework for Special-Purpose Acquisition Companies (SPAC) and Their Economic Effects on the Financial Market

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Abstract

One of the recent legislative amendments in the United Arab Emirates is to allow forming Special-Purpose Acquisition Companies (SPAC), which contributes to enhancing the investment environment in the country and gives other companies the ability to combine their business with this type of companies. SPACs are established to invest in the capital market with the purpose of acquiring other companies and make their shares available to investors. This study aims to clarify the legal framework regulating these companies in the United Arab Emirates, according to the Federal Decree-Law No. 32 of 2021 on commercial companies and the decision issued by the Board of Directors of the Securities and Commodities Authority No (1/TM) of 2022 on the Regulations on Special Purpose Acquisition Companies (SPACs). This study also discusses the economic effects of these companies on the financial markets and concludes with a set of results and recommendations.

Keywords: Acquisitions, special purpose companies, financial market.

1. INTRODUCTION

Special-Purpose Acquisition Companies (SPAC) emerged in the United States. They increased recently during the Corona pandemic, as the number of SPACs has reached about 557 companies. 82 companies were launched in 2020 out of 223 launched since 2015 ⁽¹⁾. For the purpose of developing a UAE legal framework for these companies, the Federal Decree Law No. (32) of (2021) on commercial companies defines this type of companies in the first article. This article also referred to the decision to be issued by the Securities and Commodities Authority. The authority, then, issued Resolution No (1/TM) of 2022 to regulate the Special Purpose Acquisition Companies (SPACs).

2. THE SIGNIFICANCE OF THE STUDY

This study derives its importance from the fact that the establishment of such companies in the UAE would enhance the performance of the financial markets, especially in the near future after recovering from the Corona pandemic, which affected the economy in the whole world. Furthermore, the development of a new regulatory framework according to the best regulations in force for such companies worldwide, will encourage investors abroad to apply for listing special-purpose acquisition companies (SPAC) in the UAE financial markets, whether in Abu Dhabi or Dubai, which leads to unique economic growth opportunities.

3. OBJECTIVES OF THE STUDY

This study aims to clarify the legal aspects of SPAC companies and their impact on the market in accordance with Federal Decree-Law No. (32) of (2021) and Resolution No (1/TM) of 2022 on Regulations on Special Purpose Acquisition Companies. Moreover, the study aims to reveal the economic effects of such companies on the stock market.

4. RESEARCH METHODOLOGY

Due to the novelty of the subject in the UAE legislation, the researchers followed the analytical approach. This approach is based on reading the legislative texts in the UAE law regarding SPAC companies, which is Federal Decree-Law No. (32) of (2021) and Resolution No. (1/TM) of (2022) on the Regulations on Special

Purpose Acquisition Companies. The comparative approach is also followed to show the economic effects of this new type of companies.

5: THE NATURE OF SPAC COMPANIES AND THEIR LEGAL FRAMEWORK IN ACCORDANCE WITH THE UAE LEGISLATION.

The term SPAC has recently appeared to refer to companies established for the purpose of acquisition or merger. Driven by the UAE vision to strengthen the state at all levels, especially in the legislative field, the state developed the legal framework to improve the investment environment, and adopted a legal framework for this type of companies and exempted them from some provisions of Federal Decree-Law No. 32 of 2021 on commercial companies². The Chairman of the Board of Directors of the Securities and Commodities Authority issued Resolution No (1/TM) of 2022 on the Regulations on Special Purpose Acquisition Companies (SPACs).

Most of the legislative authorities tended to develop a legal framework that allows forming economic blocs capable of competing in a world similar to a small village, where wealth is moved across borders without any obstacles⁽²⁾. This promotes the establishment of commercial companies that contribute significantly to the economic boom on the one hand, and to human development in various aspects of life on the other hand³.

5.1 Overview of SPAC companies ⁽⁴⁾

The first article of Federal Decree-Law No. 32 of 2021 on commercial companies defines SPAC as “a public shareholding company that the Authority has approved to designate as a company established for the purpose of acquisition or merger without any other purpose, in accordance with the resolution issued by the Authority in this regard.”

According to the resolution issued by the Securities and Commodities Authority No. 1 / TM of 2022, the first article defines SPAC company as “a legal person that is a public joint stock company, which the authority has agreed to designate as a special purpose acquisition company in accordance with the provisions of Article (5) of this resolution ”

Accordingly, the special purpose of establishing this type of companies is to find a target company for business combination ⁽⁵⁾. This is stated in Article 3 of the resolution issued by the Chairman of the Board of Directors of the Securities and Commodities Authority No. 1 / T.M of 2022 mentioned above. According to this article, the company is not allowed to do any economic activity except offering, issuance and listing of shares or warrants, and searching for a target entity for business combination or any business activity related to the purposes of the SPAC company. It is an entity dedicated to acquiring existing companies in order to list them on the stock exchange. Thus, it invests in the financial markets without going through public offering procedures that take a long period of time ⁽⁶⁾.

Acquisition is a legal means that leads to forming a group of companies in an economic concentration for business integration ⁽⁷⁾. It is an important economic phenomenon due to the development of technology and market conditions. Thus, it is crucial for continuity, survival, expansion or diversity to engage in activities not related to the original activity ⁽⁸⁾.

5.2 The legal framework of SPAC companies

A number of issues related to the legal framework of SPAC companies are addressed in the decision of the Board of Directors of the Securities and Commodities Authority No. 1 / T.M of 2022 mentioned above, including its purposes, designation requirements, application to create a SPAC, establishment procedures, public offering, controls for business combination, and the penalties that the Securities and Commodities Authority may impose on these companies ⁽⁹⁾.

Article 4 of Resolution No. 1 / T.M of 2022 clarifies how to designate a company as a SPAC. It allows one or more founders of the proposed company to submit an application to the Securities and Commodities Authority to designate the company as a SPAC, attached with its articles of association. The application shall be submitted using a prescribed form⁽¹⁰⁾.

The Securities and Commodities Authority, after verifying that the application fulfills the following requirements, may approve or reject the SPAC designation. The fourth article mentioned in the second paragraph of Article (4) includes the following conditions:

1. The issued share capital of the proposed company, after completing the public offering immediately, shall not be less than one hundred million UAE dirhams.
2. The founders shall not announce or disclose any acquisition target or a possible acquisition target for any person other than the sponsors. The sponsors include any natural or legal person who is a founder, a member of the board of directors, or one of the directors of the SPAC company.
3. All proposed sponsors shall meet the following requirements:
 - a. The value of their assets, excluding the main residence, must exceed their financial commitments, and that no decision has been issued against any of them to declare bankruptcy or insolvency anywhere in the world.
 - b. They shall have sufficient experience to manage the SPAC company, in accordance with the requirements determined by the Authority in this regard.
 - c. They must not have been convicted of an offence against honor or integrity, unless they have been rehabilitated.
 - d. No judgement has been issued against any of them to be dismissed as a member of the board of directors of a joint stock company listed in the financial market.
 - e. Their professional records issued by the Securities and Commodities Authority shall be free from any administrative penalties.
 - f. There shall be no lawsuits or investigations in the prosecution against any of them related to honesty and integrity.

The researchers believe that these requirements for the sponsors are important to ensure the company's ability to achieve its intended goals.

4. The objectives of the proposed company specified in the Articles of Association shall be compatible with the purposes allowed for the company in Article 3 of the aforementioned resolution ⁽¹¹⁾.
5. The proposed company's articles of association shall specify the initial capital of the SPAC company. The initial capital represents the shares owned by the sponsors, which the company will issue with the nominal value of each share as determined in the articles of association. The issued capital must not be less than 100 thousand UAE dirhams pre-IPO.
6. Sponsors should have clear business objectives to be achieved.
7. Sponsors must be aware of the potential proceeds for investors and the risks that investors may face when they purchase shares or warrants. Sponsors must prepare proposals for risk mitigation.
8. Managers must have sufficient experience to achieve the business objectives of the proposed company in accordance with the regulations issued by the authority.

After examining the designation application, the authority shall notify the applicant of its decision within 15 business days after receiving the application.

5.3 Procedures for establishing a SPAC company

The company goes through incorporation procedures, as follows: submitting the incorporation application, public offering, the offering prospectus, allocation of shares, listing shares in one of the financial markets, and business combination, as follows⁽¹²⁾:

Stage One: Submitting the incorporation application

Article 6 of Resolution No. 1 / T.M of 2022 of the Regulations on SPAC companies specifies the formation procedures. These procedures begin with submitting an application to incorporate the SPAC company to the authority responsible for corporate affairs in the concerned emirate, attached with the company's articles of incorporation and articles of association, and the approval of the Securities and Commodities Authority to designate the company as a SPAC.

Stage Two: IPO procedures

Public offering procedures begin with submitting an application to the Securities and Commodities Authority requesting its approval to proceed with an IPO of shares or warrants, along with the commercial license and the company's articles of association, as well as the public offering prospectus, within 30 business days of the issuance date of the SPAC's commercial license by the authority responsible for corporate affairs in the emirate. This period could be extended to another 30 days with the approval of the Securities and Commodities Authority⁽¹³⁾.

The prospectus attached to the application shall include the following:

First: Information about shares and warrants to be issued by the company, including the price of shares and warrants, description of each class of shares issued by the company, as well as the shareholders' rights associated with each class of shares.

Second: The factors that encourage investment in the company, in addition to the risks of investing in SPAC companies, including the limited use of the public offering proceeds and the limited ability of investors to recover that proceeds.

Third: refund rights for investors according to Resolution (1/TM) of 2022 of the Regulations on SPAC companies and the company's articles of association.

Fourth: sectors or industries the SPAC proposes to focus on in order to identify acquisition targets.

Fifth: The period the SPAC company suggests to complete the business combination, and any extension allowed to the company in accordance with the provisions of this resolution.

Sixth: Previous experience of sponsors and managers in companies similar to the SPAC, inside or outside the country.

Seventh: The rights of sponsors and managers to manage the SPAC company in accordance with the company's articles of association, especially their authority to choose acquisition targets and approve business combinations.

Eighth: Any potential conflict of interest between sponsors, managers and investors and how to address these conflicts, particularly those related to financial incentives for sponsors and managers, losses that the sponsors may incur if the SPAC company fails to complete the business combination, plans to obtain additional finance after listing, and the difference between the provisions of the securities issued or to be issued in the private placement and the provisions of the securities issued in the public offering, as well as the terms of forward purchase agreements that allow investors to invest in the SPAC company after completing the combination⁽¹⁴⁾.

When the above information is filled out, the founders and the board of directors sign the application and they are responsible for the accuracy of the data. The Securities and Commodities Authority reviews the IPO application. It may request further documents, data, information or amendments and notify the founders of that. The founders must fulfill the requirements within five business days of notification. Otherwise, this will be considered a waiver of the IPO application.

The Securities and Commodities Authority shall send a written notice to the SPAC company of its decision to approve or reject the application and the prospectus ten business days after submitting the application. In accordance with the provisions of Article 7/8, when the authority does not receive the application or does not approve it, or the application is considered abandoned because the founders have not fulfilled the requirements to complete the application within five business days, the board of directors of the SPAC shall assign one or more liquidators to voluntarily liquidate the company within 30 business days after the expected date of submitting the application, or after the authority's decision to reject the application or consider it abandoned.

The company is allowed to start the IPO process only after obtaining the approval of the Authority. Within one business day of submitting the prospectus to the Authority, the company must publish an invitation to subscribe for the IPO through an announcement that includes a summary of the prospectus. It shall be published in two local daily newspapers, one of them is Arabic- language newspaper, three days prior to the subscription. Shares and warrants subscription shall be made through the SCA prescribed form. The aforementioned resolution states that the subscription shall be available for no less than five business days and no more than 30 business days. If the shares are not fully subscribed during the subscription period, the company may apply to the authority to extend the subscription period for no more than ten business days. When the additional period expires without covering all the shares offered for public subscription, the IPO will be null. The SPAC company may not list its shares in the market. If the subscription is cancelled, the company's board of directors is obligated to appoint one or more liquidators to voluntarily liquidate the company within 30 business days⁽¹⁵⁾.

In order to protect the rights of shareholders in SPAC companies, the decision of the Chairman of the Board of Directors of the Securities and Commodities Authority No. 1/T.M of 2022 of regulations on SPAC companies, in Article 12, requires that at least 90% of IPO proceeds⁽¹⁶⁾ or any higher percentage determined by the Authority shall be credited to a trust or escrow account or any other account that allows to separate the proceeds from the funds of the SPAC company, within two business days of receipt. The proceeds can only be used for one or more of the purposes prescribed by the Authority, including business combination finance, redemption requests by investors, returning the proceeds of the IPO to investors due to failure of combination within ten business days. It should be noted that Article 12, in the third paragraph, allows the SPAC company to use the proceeds of the IPO to invest in assets that can be easily sold at the discretion of the appointed trustee in a manner compatible with the applicable law ⁽¹⁷⁾.

The third stage: Allocation

After the subscription is finished, the process of allocating shares to investors begins according to the IPO prospectus. The subscription recipients must allocate shares to subscribers within five business days of closing the subscription. The recipients shall also return the excess amounts paid by the subscribers and the proceeds for which no shares were allocated within five business days of allocation. In case the subscription exceeds the number of offered shares, they are obligated to distribute them to subscribers according to the subscription percentage or as stated in the prospectus⁽¹⁸⁾.

Stage Four: Issuance of the registration certificate for the company.

The decision issued by the Securities and Commodities Authority requires the company's board of directors, within five business days from the date of allocation, to submit an application to the Authority to issue a registration certificate for the company through the SCA's prescribed form, attached with the audited balance sheet for the subscription account, in addition to an acknowledgment of the founders that the subscription is completed. The acknowledgement must include the names of the subscribers and the number of shares they have subscribed to. The company must provide proof that the IPO proceeds have been deposited in the account and a statement of the members of the board of directors. If the Authority finds that the application fulfills all requirements stated in Article 10 of the aforementioned decision, the registration certificate shall be issued after paying the registration fees⁽¹⁹⁾.

Stage Five: listing the company's shares.

The decision requires the company to submit an application to list its shares within three business days from the date of obtaining the registration certificate. The company must abide by the decision of the Authority's Chairman of the Board of Directors No. 3 of 2020 to follow the governance guide.

The market where the company's shares are listed may suspend or cancel the listing in case of violation of the listing rules stated by the Authority ⁽²⁰⁾.

Stage six: Controls for business combination⁽²¹⁾.

This stage includes the controls that the SPAC company must abide by and the prohibitions to be avoided, as stated in Article 15 of the resolution issued by the authority⁽²²⁾. According to this resolution, the company may combine business after providing the Authority and shareholders with all information related to the business combination including information of the acquisition targets. The company shall also submit an application to the authority to approve the combination and get the approval of shareholders who represent no less than 75% of the shares at the general assembly meeting of the company.

Members of the board of directors must submit a proposal for business combination to shareholders at the general assembly meeting taking into consideration that the company may combine business after determining the fair market value of the acquisition target by an independent consultant approved by the SCA. The decision focuses on the necessity to provide sufficient funds to be able to unify business when the process is completed and to provide financial refunds for any investor in accordance with the provisions of the decision.

One of the regulations to be taken into account is to notify shareholders regarding the business combination fifteen days prior to the closing date (the date of completing the combination process).

Furthermore, the company must complete the combination process either by the end of the time period specified in the IPO prospectus or two years after the date of listing, whichever is first. However, the decision allows the company to extend the period with the approval of the Authority and the majority of the

investors who own the majority of the shares in the general assembly meeting. In all cases, the time period may not be extended for more than 36 months after listing the company's shares⁽²³⁾.

The researchers suggest that this period, which may reach three years, is a relatively long period. This would affect the investors' money, so they may tend to use their right to redeem their shares which deprives them of the expected investments and proceeds.

When the company fails to combine business, it must send a written notice to the Securities and Commodities Authority as well as the market and take measures to return the funds to the investors within ten business days. The board of directors is also committed to appoint one liquidator or more in accordance with the law to initiate the voluntary liquidation process within 30 business days. Then, the market takes a decision to suspend all trading of shares and then start the procedures for canceling the listing of the shares of the SPAC company. After completing these procedures, the SPAC will lose any privileges granted in accordance with decision No. 1 / TM of 2022 of regulations on SPAC companies⁽²⁴⁾.

On the other hand, if business combination is completed, the company's board of directors invites the shareholders to a general assembly meeting to amend the company's articles of association to state its new purposes, since it is no longer a SPAC company as of the day following the date of closing. They should also elect a new board of directors. The rules of the quorum for attendance and voting in the general assembly shall be modified in accordance with the provisions of the corporate Law. The company is obligated to notify the Securities and Commodities Authority once the business combination is completed⁽²⁵⁾.

Article 9 of the aforementioned resolution states the penalties that the Securities and Commodities Authority may impose on the SPAC company for acts committed in violation of the resolution. The Authority has the right to stop issuance, offering or subscription of shares. The company is not allowed to engage in any activity related to business combination that is inconsistent with the company's purpose. Moreover, the authority may obligate the company to return the proceeds of the subscription to investors with interests if any. The authority may also submit a written warning to the company or dissolve it. These penalties do not prejudice any other penalty stated in the UAE penal law⁽²⁶⁾.

6. THE ECONOMIC EFFECTS OF SPAC COMPANIES ON THE FINANCIAL MARKETS

There is no doubt that the acquisitions carried out by SPAC companies impact the national economy through their economic projects. Such companies are generally formed by specialized investors or sponsors that have expertise in a particular sector. They all have one goal, which is acquisition, but they do not declare this goal until the subscription. Then, the acquisition process begins with the target company through the funds collected in the initial public offering. Due to the Corona pandemic, the demand for such companies increased, especially in the United States.

6.1: The economic effects on the financial markets, USA as a case study

During Corona pandemic, the Federal Government and the Central Bank of the United States began to pump huge funds to save the economy from deterioration. This money raised liquidity for people as well as companies. Therefore, investors started to look for investment opportunities to make profits.

In light of the presence of distinguished experts in the field of business and banking, the demand of individual and corporate investors to subscribe to this type of companies in the United States increased. and this resulted in an increase in the growth, confidence and good reputation enjoyed by these companies.

The number of SPAC companies has been increasing since 2009. The following table shows the subscriptions of SPAC companies in the UAS annually⁽²⁷⁾.

Year	Subscriptions	the collected funds in dollars
2021 until 31-7-2021	388	117.0
2020	248	83.3
2019	59	13.6
2018	46	10.7
2017	34	10.0
2016	13	3.4

2015	20	3.9
2014	12	1.7
2013	10	1.4
2012	9	0.4
2011	15	1.0
2010	7	0.05
2009	1	0.03

This table shows that the number of subscriptions in this type of companies increased significantly in 2020 and 2021 in the United States. The proceeds of IPOs in SPAC companies exceeded two hundred billion dollars. Certainly, the Corona pandemic was the main reason for feeding these companies a huge number of subscriptions in order to make big profits.

The question that arises in this regard is what is the way to avoid the negative effects of acquisitions carried out by SPAC companies?

All countries that allows acquisition insists that companies must obtain the approval of the authorities responsible for protecting competition and monopoly, before making any acquisition⁽²⁸⁾. In this regard, Article 9 of the Clayton Act prohibits the acquisition of all or some shares or assets of a company or institution by another company or institution, whether directly or indirectly, as long as such acquisition may restrict competition between these companies or institutions or in the market in general, or it may create monopoly of a commodity or within a geographical area.

The United States is one of the first countries to develop antitrust laws such as the Shirman Antitrust Act, the Clayton Act, the Robinson-Batman Act, and others.

6.2 The economic effects on the financial markets in the UAE

The UAE is the first in the Gulf Cooperation Council (GCC) countries to develop a legal framework for SPAC companies. This framework contributes to providing an attractive environment for all investors at the local and international levels, as foreign investors can now apply to list their companies as SPACs in the UAE markets.

Abu Dhabi Securities Exchange issued regulations for listing SPAC companies at the end of 2021 in accordance with the framework issued by the Securities and Commodities Authority. This regulatory framework is based on the best international practices, as the United States is the largest market in the world for these companies.

The researchers believe that launching such companies would activate the financial markets to keep pace with the economic growth.

The establishment of such companies is recent in the UAE, as its regulatory framework was put into effect in 2022. However, it will provide finance means that help investors, especially small and medium-sized companies, particularly in the field of digital technologies. Thus, they can achieve their desired goals by establishing a company whose shares are listed in the financial market for the purpose of acquisition, provided that its shares are available for trading.

The researchers assume that these companies will improve production as long as they are subject to the legal framework mentioned previously. The absence of commitment to these regulations leads to monopolistic practices that threaten the national economy. Consequently, this diminishes the creativity of businessmen and sponsors, as they will see their efforts are in vain due to the control of SPACs on medium and emerging companies.

CONCLUSION

The study discusses the legal framework for SPAC companies in accordance with the Federal Law No. 32 of 2021 and Resolution No. 1/T.M of 2022 of regulations on SPAC companies, in addition to their economic effects on the market. The study concludes with some results and a set of recommendations, as follows:

First: Results

1. Special Purpose Acquisition Companies (SPACs) are recently included in the legislative amendments in the UAE. They are newly established in the state, as their regulatory framework was put into effect in 2022.
2. The UAE legislation regulates SPAC companies pursuant to Federal Decree-Law No. 32 of 2021 and Resolution No. 1/TM of 2022 on regulations on SPAC companies, issued by the Securities and Commodities Authority.
3. It is expected that the effects of these companies will appear on the market after the middle of 2022. They will contribute to strengthening the investment environment in the country. In these companies, shareholders and investors put their money into the company without even knowing how the company will invest the money and whether it will acquire companies that have growth opportunities or not. It is like giving a person a blank check. That is why these companies are called blank check companies.
4. The decision issued by the Securities and Commodities Authority requires that subscription shall be available for no less than five business days and no more than 30 business days. If the shares are not fully covered in the subscription within the specified period, the company may submit an application to the authority to extend the subscription period. However, it does not specify the time period during which the application for extension must be submitted.
5. The decision includes a requirement that the founders shall not announce or declare any acquisition target or potential acquisition target for any person other than the sponsors. However, it does not define the mechanism to prove that they did not announce the targets to anyone other than the sponsors.

RECOMMENDATIONS:

1. The researchers recommend that the decision issued by the Securities and Commodities Authority requires that if the subscription does not cover the offered shares within the prescribed period, an application shall be submitted to the Authority to extend the subscription period within two business days from the date of closing the subscription.
2. The researchers recommend that the decision issued by the Securities and Commodities Authority obliges the founders to submit a declaration signed by all of them and certified by the notary public, including that they have not disclosed any potential acquisition target to anyone other than the sponsors.
3. The researchers recommend to form a committee by the Board of Directors of the Securities and Commodities Authority to study the economic effects of licensed SPAC companies on the financial markets, especially since they are newly established in the United Arab Emirates. Then, they shall submit their report to the Board of Directors of the Authority every 6 months in order to overcome the obstacles facing these companies and submit their recommendations to amend the decision issued by the Authority in light of the practical reality of these companies.

DECLARATION OF CONFLICTING INTEREST:

The Author declares that there is no conflict of interest; This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors

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7. Article 12 of Resolution No. 1 / TM of 2022 on regulations on SPAC companies.
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11. Article 19 of Resolution No. 1 / TM of 2022 on regulations on SPAC companies.
12. Article 3 of Resolution No. 1 / T.M of 2022 on regulations on SPAC companies states the following: "The SPAC company is not allowed to engage in any economic activity, except for the following: 1- Offering, issuing and listing shares or warrants 2 - Searching for an entity for the purpose of

business combination. 3- Any other business related to achieving the objectives of the SPAC company, as described in this article.

13. Article 5 of the resolution issued by the Securities and Commodities Authority No (1/TM) of 2022 states that “a public shareholding company under incorporation and after its incorporation that is classified under the provisions of Article 4 of this resolution as a special purpose acquisition company shall be exempted from the provisions of the Commercial Companies Law on the provisions of A. Incorporation procedures at the authority as set forth in the Commercial Companies Law B. The founders’ contribution to the company’s capital C. Contribution and evaluation of in-kind shares D. Entities authorized to receive subscription proceeds F. Underwriter G. Subscription period h. Distribution of shares to subscribers I. Allocation of shares J. Return of surplus amounts K. Acquisition of assets during the first fiscal year L. Increasing the company’s capital and procedures for doing so M. Priority rights in subscribing to new shares N. Shares subscription rules Q. Distribution of new shares N. The nominal value of the share and the classes of shares F. Restrictions on trading the founders’ shares R. The company’s purchase of its shares Q. The contribution of the strategic partner R. The transformation, merger and acquisition of companies N. All other provisions of the Commercial Companies Law related to any of the foregoing provisions. Then the fourth paragraph of the same text was followed by the fact that “What is not stated in the provisions of this decision shall be subject to the provisions of the Commercial Companies Law and the decisions of the Authority and the markets in a manner that does not contradict the nature of the activity of the SPAC company.”
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24. It should be noted that any investor has the right to redeem his shares if the period is extended by a decision of the General Assembly to complete the business combination and the investor does not agree with the decision. The investor shall notify the company three days before redemption. The redemption shall take place on the date specified in the notification or on the next business day thereafter. The amount shall be refunded with any interest or profits made on the subscription proceeds deposited in the account.
25. The proceeds of the public offering are the funds received by the SPAC company from investors in the initial public offering before listing in exchange for shares and warrants.
26. The proposed company is the public shareholding company under incorporation, for which an application has been submitted for the purposes of designating it as a SPAC company.
27. The system of SPAC companies stated in 21 articles and this system applies to the proposed companies, SPAC companies and to all persons and procedures associated with these companies, as the case may be.
28. The term “business combination” means any partial or total acquisition or any merger of the target entity by or with the SPAC company.
29. The term business combination, as previously mentioned, refers to any partial or total acquisition or any merger of the target entity by or with the SPAC company.