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Singapore's SPAC Listing Regime: A Game Changer or a GAP Filler?

By Lerong Lu* and Lingsheng Zhang**

1. Introduction

Globalization has sped up the free movement of capital and created a number of international financial centers, such as New York, London, Paris, Frankfurt, Tokyo, and Hong Kong. The United States (U.S.) has been playing a leading role in the global financial arena for almost a century since the world's first systematic and advanced securities regulatory framework was established in 1934.¹ Since then, the latest practices in U.S. securities markets and relevant regulatory regimes have been learned, imitated, and localized by several other countries.² The securities law in the U.S. has contributed to the transformation of global finance landscape for its past, present, and probably future.³ Whereas most international financial centers have enjoyed peaceful coexistence for a long time, the unavoidable competition has intensified in recent decades due to the reality that winners take all in a globalized economy when capital, talents, and businesses tend to concentrate in a small number of global cities. Therefore, Singapore and other Asian financial hubs, who are relatively new to this game, have tried to ride the trends by learning the latest practices from the U.S. capital markets as they want to win a place in international capital markets.

In recent years, special purpose acquisition companies (SPACs) have gained great popularity in the U.S. and globally as their annual deal volume reached a record high of \$157 billion in 2020.⁴

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SPACs, commonly known as blank-check companies, are shell entities listed on stock exchanges which do not have any underlying operating businesses nor do they have assets other than cash and limited investments derived from the proceeds of their initial public offerings (IPOs).⁵ In practice, most SPACs have been simply used as a financing vehicle to merge with a private company to help the latter obtain a public listing so as to bypass the strict regulatory scrutiny under traditional IPOs. In 1993, SPACs were invented by American investment banker David Nussbaum and lawyer David Miller granting private companies a new way to access stock markets, but this innovative financing vehicle had been rarely used in the 1990s.⁶ Now, the NYSE and NASDAQ have been playing a dominant role in hosting global SPACs, where 248 blank-check companies went public in 2020 raising a total amount of money worth \$83.4 billion.⁷ SPAC investments continued to gain momentum in 2021. As of September 2021, U.S. SPACs collectively raised \$122 billion across 419 IPO deals.⁸ The SPAC frenzy has crossed the Atlantic, as the London Stock Exchange (LSE), which is the Europe's largest stock market, accepted the listing of at least 50 SPACs over past five years.⁹ SPACs as cash shells are not qualified to list on the premium segment of the LSE, so they can only be accepted to the standard segment of the LSE or its alternative investment market (AIM).¹⁰ In August 2021, the U.K.'s Financial Conduct Authority (FCA) decided to reform its SPAC listing rules to enhance investor protection in order to make London a more attractive venue for SPAC sponsors and investors.¹¹ Other European markets such as Amsterdam and Frankfurt have witnessed a similar rising trend of SPAC IPOs, although the number and size of SPAC deals in the European Union (E.U.) are much smaller compared with their U.S. counterparts. There were only 12 SPAC IPOs in the E.U. collecting \$3.9 billion during the first five months of 2021.¹² Apart from the U.S. and Europe, Asian capital markets have been positively embracing the SPAC boom. In South Korea and Malaysia, SPACs have been allowed to make public offerings as an optional listing route in their respective domestic stock exchanges for several years.¹³ More recently, on September 3, 2021, the Singapore Exchange (SGX) officially started to accept the public listing of SPACs on its mainboard.¹⁴ Moreover, on September 17, 2021, the Hong Kong Stock Exchange (HKEX) proposed to change its listing rules to accommodate SPACs whilst imposing tougher sanctions on the illegal trading of shell companies.¹⁵ Clearly, SPACs have emerged as a popular alternative to traditional IPOs among international financial centers, as they enable start-ups to quickly float their shares with greater price certainty and lighter regulatory oversight.

Against this background, the article aims to discuss and analyze Singapore's latest practices and regulations of SPACs. The SPAC investment mania has made securities regulators and stock exchanges across the world rethink whether there is a need to accept or to even promote the listing of SPACs, and if so, what regulatory changes are needed to alter the listing and trading rules in order to support the financing of innovative enterprises and to protect retail investors. Apparently, Singapore is a good example for us to study the evolution and regulation of SPACs outside the U.S. for two reasons. Firstly, its financial markets have grown quickly as the city state is now one of the world's top financial centers rivaling New York, London, and Hong Kong, and Singapore has attracted wide media coverage as regard to its economic success and financial strength.¹⁶ Secondly, the SGX is said to be the first major bourse in Asia to offer the SPAC listing service, which is likely to serve as an institutional model for other Asian economies to follow.¹⁷ This article, therefore, considers the main points of Singapore's SPAC listing regime, including its advantages and potential limitations. The topic will be of interest to practitioners, researchers, and policymakers across the world. Following this introduction (section 1), section 2 examines the latest development trend of SPACs in the U.S. and what it means for Asian markets. Section 3 explores the reasons for which Singapore strives to become Asia's top SPAC hub, including the city's goals to maintain its status as a leading financial center, to battle post-pandemic economic recession, to meet the financing demand from Asia's tech industries, and to satisfy the investment need of wealthy investors and family offices. Section 4 pictures the landscape of Singapore SPACs by mapping out the key points in the SGX's newly revised listing rules, such as the admission threshold and liquidity guarantee, interests binding and moratorium, money escrowed and warrants, voting rights, and business resolutions. The discussion of regulatory rules in Singapore, where necessary, will refer to relevant U.S. laws and practices. Section 5 continues to analyze the advantages of Singapore's SPAC regime and section 6 assesses its potential risks for retail investors. Then, section 7 makes some suggestions for Singaporean regulators to mitigate the investment risks of SPACs based on the U.S. experience. Section 8 draws a conclusion about whether Singapore is a game changer or a gap filler in international capital markets when more countries are joining the arms race of SPACs.

2. Does the future of U.S. SPACs look dim and what it means for Asian markets?

A. The current SPAC market trend in the U.S. and the SEC's stricter regulatory attitudes

2020 was a watershed year for U.S. SPACs, as the annual

blank-check deal volume reached a record high of \$83.35 billion.¹⁸ The rising trend continued in 2021. As of October 2021, 461 SPACs went public in the U.S. with gross proceeds worth \$131.39 billion.¹⁹ For entrepreneurs and their financiers, SPACs have risen rapidly as a popular substitute for traditional IPOs that could be time-consuming, complex, and costly. Although Covid-19 pandemic has caused devastating impacts on the global economy, the transition towards remote working and independent lifestyles has fueled investors' enthusiasm for alternative financial investments like SPACs, cryptocurrencies (e.g. Bitcoin, Ethereum, Tether, and Cardano), or even the combination of both, as we have seen an increasing number of crypto trading and mining companies, such as eToro, Bakkt and CompoSecure, are considering an IPO via merging with SPACs.²⁰

| Year | IPO Count | Gross Proceeds (\$million) |
|-------------|------------------|-----------------------------------|
| 2021 | 461 | 131,386.5 |
| 2020 | 248 | 83,354.0 |
| 2019 | 59 | 13,608.3 |
| 2018 | 46 | 10,751.9 |
| 2017 | 34 | 10,048.5 |
| 2016 | 13 | 3,499.2 |
| 2015 | 20 | 3,902.5 |
| 2014 | 12 | 1,749.8 |
| 2013 | 10 | 1,455.3 |
| 2012 | 9 | 490.5 |
| 2011 | 15 | 1,081.5 |
| 2010 | 7 | 502.5 |

Table 1 The number of SPAC listing and gross proceeds in the U.S. 2010–2021, Source: SPACInsider.com (As of October 10, 2021)

Despite the spectacular rise of SPACs across global capital markets, they have attracted fierce criticism from the investor community, scholars, and policymakers. For example, Mr. Charlie Munger, the vice-chairman of Berkshire Hathaway, described the SPAC mania as an “irritating bubble.”²¹ A recent paper from Klausner, Ohlrogge, and Ruan pointed out the significant dilution of cash holding of SPACs after their IPOs and before their final mergers, which often leads to a post-merger share price fall, and therefore, it is likely that the low-cost regime of SPAC listing is run at the expense of public investors.²² Besides, securities regulators in certain countries have been proposing stricter regulations over SPACs amidst the investor protection and market stability concerns. For instance, in September 2021, the SEC’s Investor Advisory Committee voted unanimously to send non-

binding recommendations that the SEC enhances the enforcement of disclosure rules for SPACs.²³

The number of SPAC deals suddenly dropped by 90% in April 2021, and in the same month, the SEC issued a public statement stating that it would enhance supervision relating to the disclosure of information in the SPAC process and investigate relevant accounting issues.²⁴ On July 13, 2021, the SEC announced its charge against a SPAC-Stable Road Acquisition Company and its promoter, the de-SPAC target, and their CEOs regarding the SPAC's misleading statements made in an investor presentation and other SEC filings of the proposed de-SPAC transaction.²⁵ It led to a SEC litigation proceeding against Mr. Mikhail Kokorich (the CEO of the merger target) in the U.S. District Court for the District of Columbia, as well as a SEC settlement agreement with all other parties including a total penalty of over \$8 million, tailored investor protection undertakings, and the forfeiture of founder's shares.²⁶ Mr. Gary Gensler, the SEC Chairman, commented that: "this case illustrates risks inherent to SPAC transactions as those who stand to earn significant profits from a SPAC merger may conduct inadequate due diligence and mislead investors."²⁷ This has marked a new trend that the regulatory agency has been putting more scrutiny over SPAC deals. However, the regulator's dilemma lies in that, whilst they want to avoid the poor performance of companies using reverse takeovers to go public, they also hope to encourage more public involvement with capital markets.²⁸ As for target companies, their original intention of choosing a listing via de-SPAC is largely to get around onerous information disclosure rules and other regulatory standards that would otherwise exist for a IPO listing. Thus, the enhanced supervision is likely to make this novel listing method less appealing to target companies.

Moreover, the recent SPAC boom has resulted in an over-supply of blank-check companies seeking business combinations with a limited pool of de-SPAC targets available.²⁹ It is widely believed that the investment return from SPACs is relatively high over a short period of time, which explains for why global investors have been rushing to buy shares in SPACs. However, some studies indicated that the overall long-term performance of SPACs has been far worse than that of ordinary listed companies. The typical buy-and-hold return of SPACs was -51.9%, compared with the figure of 8.5% for investments in average listed companies after IPOs, which means that most investors lose half of their money in SPAC investments.³⁰ This has casted a shadow on the continuing growth and sustainability of SPACs. Moreover, there are hidden risks for outside investors in the SPAC market. Firstly, early SPAC investors have the right to buy shares at a pre-

arranged price of \$11.50 through exercising warrants after stocks of SPACs are initially sold publicly at \$10, which is a free call option on whatever the performance of SPAC stocks after their IPOs.³¹ These privileged pre-IPO investors could sell or redeem their holdings and get back all of their money, and still have access to stocks in SPACs at a discounted price thanks to the possession of warrants. In contrast, retail investors who buy shares of SPACs in the open market do not have the chance of owning warrants but they are likely to suffer certain financial losses due to the execution of such warrants. When original shareholders exercise their warrants, this can cause significant dilution of value in the shares of outside investors who acquire their equities in the aftermarket.³² In this sense, SPACs seem to be an ideal investment for hedge funds and other professional investors from the Wall Street who buy prior to their IPOs, but not so much for retail investors who enter the market later.

B. Asian financial centers keep pace with the U.S. to join the SPAC carnival

Despite that U.S. SPACs seems to lose momentum, the rest of world are having a heated debate on whether to embrace the SPAC listing regime, in particular, among Asia's financial centers like Hong Kong and Singapore. Clearly, if the regulatory approach over SPACs continues to tighten in the U.S., it is likely that there will be some sponsors and investors looking to incorporate their investment vehicles in Asia. The U.S. securities law provides investors with extra protection through various mechanisms like the shareholder class action, while many Asian jurisdictions do not offer a similar level of protection for retail investors.³³ Therefore, to safeguard investors' interests, Asian regulators are likely to impose stricter regulatory rules with closer supervision over SPACs. At present, the rivalry to become Asia's top SPAC hub mainly exists between Singapore and Hong Kong, as both cities have been considering the introduction of SPACs for a while.³⁴

On March 31, 2021, the Singapore Exchange (SGX) issued a consultation paper to solicit public opinions about the feasibility of allowing SPACs to obtain a listing on SGX's mainboard.³⁵ On September 2, 2021, the SGX released the "*Proposed Listing Framework for Special Purpose Acquisition Companies*" that officially permitted the public listing of SPACs on its mainboard in the hope of attracting Asia's regional unicorn companies to float their shares as well as satisfying the demands of high net-worth investors with a higher risk appetite.³⁶ On September 17, 2021, the Singapore government launched an investment fund with S\$1.5 billion (US\$1.1 billion) backed by Temasek Holdings, which is the city state's official investment firm, to boost Singapore's

stock markets by injecting more money in the high-growth companies and initial public offerings.³⁷ According to the Bank for International Settlements (BIS), the capital inflow to China and other Asian emerging economies has recovered faster than the rest of the world after the outbreak of Covid-19 pandemic, indicating the strong economic vitality in the region.³⁸

However, the Hong Kong Stock Exchange (HKEX) seems to take a more cautious step on SPACs than the Singapore Exchange. As some commentators suggested, considering Asian exchanges' traditional prudent attitude and close examination over corporate vehicles similar to SPACs (e.g., shell companies, backdoor listing, reverse takeover, and reverse merger) which might allow companies to circumvent IPO scrutiny, the bourse is not expected to fully embrace SPACs anytime soon.³⁹ The HKEX, in general, has been skeptical about non-IPO listings for it has had strict rules in place for backdoor listings and shell activities. Besides, the latest *P.R.C. Securities Law 2020* has simplified the listing procedures for mainland China's exchanges by removing regulatory red tapes and reducing the intervention from its securities regulator.⁴⁰ It replaced the original approval-based IPO regime with a new registration-based IPO system, which is expected to attract many Chinese companies who originally plans to land on the HKEX back to make a primary listing at stock exchanges in Shanghai or Shenzhen.⁴¹ These factors have rendered SPACs less attractive to Hong Kong's stock market which already has the second largest IPO market just next to New York. On September 17, 2021, the HKEX published a consultation paper on SPACs aiming to change its listing rules to house the listing of blank-check companies whilst proposing severe rules on the illegal trading of shell companies.⁴² If Hong Kong finally decides to introduce the SPAC listing mechanism, it will focus more on the protection of the rights and interests of retail investors, especially during and after corporate mergers, to maintain the city's reputation for having a sound and competitive IPO regime.

3. Why Singapore strives to become Asia's top SPAC hub?

A. To cement Singapore's status as a leading international financial center

First of all, by adopting the listing framework for SPACs ahead of other Asian financial centers, Singapore could cement its status as a leading international financial center. According to the latest *Global Financial Centers Index* (GFCI), Singapore ranked as the world's 4th principal financial centers which is just behind New York (1st), London (2nd), and Hong Kong (3rd) but is ahead of traditional rivals like San Francisco (5th), Shanghai (6th), Los An-

geles (7th), Beijing (8th), Tokyo (9th), and Paris (10th).⁴³ The Monetary Authority of Singapore (MAS) set one of its main goal to develop and promote Singapore as a regional and international financial center.⁴⁴ Back in 2001, Mr. Lee Hsien Loong, the Prime Minister of Singapore who was then Deputy Prime Minister and Chairman of MAS, commented that: “The trend towards concentration of financial institutions and activities in fewer major centers is likely to persist. However, it is not easy to predict which specific cities will emerge as leading centers. This will depend not only on the static comparative advantage of the different cities, but also on the dynamic competitive advantages created by their policies and strategies.”⁴⁵ Accordingly, it is necessary for Singapore to learn the best international practices from prime financial centers such as New York and London to strength its own financial industry. To stay as a competitive financial hub, therefore, has been the primary incentive for Singapore bourse to revise its listing rules to embrace SPACs. This also echoes Singapore’s long-term national strategy to support economic development and prosperity of countries within the Association of Southeast Asian Nations (ASEAN), of which Singapore is a founding member.⁴⁶

Moreover, Singapore has been encountering increasing competition from regional competitors such as Hong Kong and Shanghai in terms of securities listing and trading. We have discussed the long-term rivalry between Hong Kong and Singapore in the previous section. As Singapore is left behind Hong Kong regarding the amount of their IPO businesses, it has viewed the listing scheme for SPACs as a rare chance to catch up with Hong Kong in further growing the scale and attractiveness of Singapore’s stock market. China’s *P.R.C. Securities Law 2020* has overhauled the rules as regard to the listing and transactions of stocks and bonds at both Shanghai and Shenzhen Stock Exchanges to improve market efficiency and transparency.⁴⁷ In 2018, the Shanghai Stock Exchange (SSE) launched the Star Market to facilitate the fundraising of Chinese tech enterprises and to enhance SSE’s international competitiveness.⁴⁸ In 2019, the SSE and the LSE jointly announced the operation of the Shanghai-London Stock Connect (SLSC) project which is a bilateral arrangement building a pilot cross-border financial markets listing and trading scheme that allows corporations and investors from China and the U.K. to access each other’s capital markets; for example, Shanghai-listed companies can apply to have a dual listing in London, or vice versa.⁴⁹ Clearly, the fast growth of SSE, due to the recent launch of Star Market and SLSC, has incentivized SGX to make further changes to conserve its prestigious status in Asia.

B. To battle with post-pandemic economic recession

Secondly, introducing the SPAC lasting regime in 2021 could

help Singapore to address the economic turmoil during the Covid-19 pandemic. The pandemic has caused massive economic disruptions across the world, and Singapore is no exception. In 2020, Singapore recorded its worst full-year economic recession since the country's independence, as its Gross Domestic Product (GDP) contracted by 5.4 per cent.⁵⁰ The pandemic's impacts have been widely felt throughout Singapore as its economy is mostly outward-oriented. Several factors have contributed to the recession, such as a decline in international tourists and air travels, a fall in domestic consumption, a fall in external demand caused by supply chain disruptions, the workforce disruptions due to safety measures, as well as the negative spillovers from economic slowdown.⁵¹ What's more, the stock market in Singapore saw the downward trend due to Covid-19 and other reasons, as according to *Bloomberg*, the city's traditional IPOs raised merely US\$914 million in 2020, falling sharply by 73.11% from US\$3.4 billion in 2017.⁵² Under such circumstance, there is a greater demand from businesses in Singapore and other Asian countries to raise more capital to withstand the crisis, due to multiple factors like the low interest rate policy, the fragile business environment, the volatile financial market, and the economic stimulus packages. Besides, during the pandemic the divide of treatments between Singaporean residents and international expats, who mostly work at global corporations' regional headquarters in the city and account for one third of Singapore's total workforce, is likely to reduce the attractiveness for some foreign workers to work and live in Singapore.⁵³ At this critical time, it makes sense for SGX to permit the listing of SPACs to offer an alternative investment channel to local investors and to help the business community raise capital, which will make contribution to the economic recovery after pandemic.

C. To meet the financing demands from Asia's booming tech industries

Thirdly, Singapore's SPAC listing regime, to some extent, could accommodate the financing demands from Asia's fast growing tech businesses which have longed for an U.S. listing for a long time. Unicorn companies or startups refers to any private companies with a valuation of at least \$1 billion.⁵⁴ They will lose the unicorn status once being publicly listed, such as Alibaba, Facebook, and Google which were examples of previous unicorns later on becoming successful technology giants. As of November 2021, there were 887 unicorn companies around the world having a combined valuation of \$2,922 billion.⁵⁵ The rise of tech unicorns can be attributed to two factors: first, it represents the fast progression and mass application of internet technologies such as big data, cloud computing, blockchain, and artificial intelligence;

and secondly, it showcases the power of capital which could scale up the tech businesses in a short time if entrepreneurs' brilliant ideas and business plans are endorsed by venture capitalists. Nonetheless, unicorns have been concentrated in a small number of countries, in particular the US (448 unicorns) and China including its mainland and Hong Kong SAR (277 unicorns).⁵⁶ Tech corporations in China, along with those in other Asian countries, such as India (79 unicorns), Singapore (13), Korea (11), Japan (8), and Indonesia (5), have been catching up quickly with American peers; and they are now much ahead of European tech businesses, like those in the United Kingdom (33 unicorns), Germany (21), and France (20).⁵⁷ The rise of tech companies across Asia has brought enormous business opportunities for investors, financiers, and stock exchanges in Asian cities including Dubai, Singapore, Hong Kong, Shanghai, and Shenzhen. During the pandemic, the high-tech industries in Asia have been facing greater market uncertainty and therefore would prefer an alternative local mode to raise capital fast with limited risk exposure, so Singapore's move to welcome the listing of SPACs can be justified given the city's proximity to the ASEAN countries, China, India, and even Australia. Amidst the US-China geopolitical crisis, an increasing number of Chinese tech behemoths, such as ByteDance (which owns TikTok, the popular video app), have been relocating parts of their businesses to Singapore as a neutral territory to avoid the unpredictable complexities in global business operation and to increase their international presence.⁵⁸ However, many of Singapore's local tech companies like Grab and PropertyGuru have chosen to go public in the U.S. via SPAC, because they were not able to do this at home.⁵⁹ Therefore, to provide better financing options for local tech companies is another incentive for Singapore to make itself a SPAC Hub in Asia.

D. To satisfy the investment needs from regional investors

Last but not least, having more SPACs to be listed in Singapore offers an attractive investment choice to investors locally and in other Asian countries. In recent years, the voice from public investors, especially high-net-worth individuals (HNWI) and family offices, to invest in new asset classes such as shares in SPACs, has been getting louder. Singapore is now home to a large number of billionaires and HNWIs. In 2020, Singapore had 3,732 ultra-high-net-worth individuals (UHNWIs) and the number is estimated to rise to 4,888 in 2025.⁶⁰ Singapore is also an appealing place for UHNWIs in other countries such as China and the U.S. to set up their family offices due to the advantages of stable and pro-business government policies, low tax regime, and a well-established financial industry.⁶¹ Several billionaires in the U.K.

and the U.S. like James Dyson, Sergey Brin, and Ray Dalio have started or plan to set up their family offices in Singapore.⁶² There is no doubt that SPACs is likely to appeal to such investors. As the design of SPACs, both founding shareholders (sponsors) and public shareholders could earn some fixed incomes from their investment money deposited in the escrowed account while they are potentially able to profit from the increased value in the issued shares during the de-SPAC process.

4. Mapping out Singapore's SPAC model and relevant listing rules

Despite being a novel listing method, de-SPACs achieve similar functions as traditional IPOs do, such as enabling private companies to float their shares on stock exchanges and to raise funds from the public. Therefore, companies seeking a public listing through merging with SPACs should be subject to existing securities regulations on an equal footing, in particular those rules that protect public investors from securities frauds and that safeguard information disclosure. The main contents of Singapore SPAC listing rules can be summarized in five areas as follow.

A. The admission threshold and liquidity guarantee

Setting a proper level of admission threshold (e.g. the market capitalization of SPACs and the number of investors) is likely to facilitate the high-quality and sizeable business combination in the de-SPAC process. It also affects market liquidity and the willingness of public shareholders, especially retail shareholders, to participate in the investments. Accordingly, the Singapore Exchange decided to lay down the minimum market capitalization criteria of S\$150 million for any SPACs, with no fewer than 300 public shareholders holding at least 25% of issued shares at a price of at least S\$5 per unit.⁶³ It should be noted that the number of 500 public shareholders in principle is required after a business combination.⁶⁴ Besides, Singapore follows the design of the U.S. SPAC model (i.e. NASDAQ and NYSE) which does not treat de-SPAC as a typical kind of reverse takeover between a shell company and a target.⁶⁵

B. The interests binding mechanism and moratorium period

Similar to the U.S. stock markets, the Singapore Exchange pays close attention to achieving the goal of investor protection and thus it has made cautious steps forward when drafting the new SPAC listing standards. At the public consultation stage, there were some respondents commenting that SPACs in Singapore should only be open to accredited and/or institutional investors but not retail public investors. In consideration of this view, the regulator finally made a compromise in enacting the

listing rules by requiring a closer interests binding relationship between sponsors and public shareholders in order to avoid the free-riding by issuers and to prevent the excessive dilution of investor interests in a long term. The sponsors and the management team are asked to, in aggregate, subscribe for a minimum number of equity securities, such as 3.5%, 3.0%, or 2.5% of the IPO shares, units, or warrants, the level of which depends on various standards of a SPAC's market capitalization under Rule 210(11)(e).⁶⁶ Besides, there is also a cap of up to 20% of the holding of issued share capital in total to be imposed on the SPAC sponsors.⁶⁷ As for the specified moratorium period, there should be at least a 6-month period after the consummation of business combination.⁶⁸ Traditional IPOs in the U.S. exchanges also have to follow a 6-month locked-up period under the Blue Sky Laws,⁶⁹ but in any cases of SPACs when filing the Form 8-K in U.S. typically comes with a longer lockup period than traditional IPOs which could last for one year.⁷⁰ This can be observed from the listing materials of eToro which planned to go public via SPAC on NASDAQ.⁷¹

C. The requirements for money escrow and warrants

In the post-pandemic financial world featured by the high volatility and the ultra-low interest rate, one main reason explaining for the popularity of SPAC-related investments for many HNWIs is that they offer a low-cost investment strategy which could yield safe interests higher than that of bank deposits. The Singapore Exchange demands that the issuers must place at least 90% of the gross funds raised from their IPOs in an escrow account opened with and operated by an independent agent which has to be a formal financial institution licensed by the Monetary Authority of Singapore.⁷² The requirement is similar to that under the U.S. Minimum Numerical Standards for Acquisition Companies.⁷³ Moreover, the funds will need to be stored in an escrow account at all times until the termination of account.⁷⁴ Moreover, warrants or any other convertible securities can be embedded in each SPAC unit for the purpose of mitigating risks, but the conversion of warrants or others should be limited to 50% of the dilution cap under Rule 210(11)(k).⁷⁵

D. The voting right arrangements

The design of voting right has been an important issue concerning the success of any de-SPAC transactions when a final decision of merging SPACs with target companies is to be approved by specific shareholders. Voting right arrangements should address three fundamental and critical issues: voter eligibility, rights of voting, and voting exit. As for the voter eligibility, it is controversial whether regulators should allow sponsors to have a

vote to decide the issue of business combinations, due to multiple concerns like the potential securities fraud and the decision's independence from the emerging target's proposal. However, the Singaporean regulators agreed to grant all shareholders, including founding sponsors, the status and power to vote on any business combinations, and that founding sponsors have to waive their rights to participate in any liquidation distribution in respect of all equity securities owned or acquired by them prior to or during the IPOs under the Rule 210(11)(n)(iii).⁷⁶ Then, how to make sure shareholders exercise such rights in a proper manner remains a key task for regulators. In Singapore, to pass a specific resolution—no matter it is a business combination or a liquidation—needs at least 50% of votes cast by all shareholders.⁷⁷ If the remaining 50% of shareholders disagree with the proposal, they will be able to ask the company to redeem their shares and then leave the company, i.e. voting with their feet.

E. The exit strategies: business combination or liquidation

At the end of a SPAC's lifecycle, there exist two main exit strategies for investors: combination or liquidation. As discussed, SPACs have been created as a shell business entity to raise funds through a public listing on stock exchanges, and they will then acquire a target company through business combination. In Singapore, issuers are required to complete a business combination, approved by at least 50% of their shareholders, within 24 months from the date of listing and the entire process is subject to an overall maximum time frame of 36 months under the Rule 210(11)(m)(i).⁷⁸ According to the Rule 754(3), issuers must provide quarterly updates about cash utilization during a SPAC's whole lifecycle.⁷⁹ If the combined companies trigger any of the delisting standards set by the Rules 210(11)(o) and/or (p) such as the failure to complete a business combination within the permitted time frame, the Singapore Exchange will consider delisting them in the best interests of the public.⁸⁰ If any of the following situations arise for a SPAC: a) fewer than 50% of shareholders agree on the merger deal; b) the failure to complete a business combination within the permitted time frame; or c) a delisting order made by the Exchange, it would have to enter the liquidation process and return the escrow money to investors.

Generally speaking, Singapore's SPAC listing framework has been mostly modelled on the U.S. SPAC system and relevant listing rules from either NYSE or NASDAQ,⁸¹ which suggests that the Singapore's SPAC market, as a newcomer, is more likely to play a complementary role in global financial markets compared with the more established U.S. model under which most SPACs have been incorporated so far. Singapore, by offering a compara-

ble SPAC listing scheme, allows global investors and sponsors to park their money in Asia with minimal transaction costs when they adapt to the new business environments and regulatory systems outside the U.S. Furthermore, the strategic geographical location of Singapore is said to facilitate more regional SPAC dealings as the city is within a 8-hour flight from other major commercial cities in the Asia-Pacific region, such as Shanghai, Tokyo, Hong Kong, Seoul, Taipei, and Sydney. Although we have entered the digital era where remote working is made possible, the location still plays a vital role in large and complex corporate finance transactions like SPACs, the execution of which call for close cooperation and coordination among various parties like securities issuers, investment bankers, lawyers, and accountants who are familiar with local regulatory rules and business settings.

5. The advantages of Singapore's SPAC model

For Singapore, the practical significance of introducing SPAC listing is far beyond the embracement of trendy innovation in corporate finance and securities law. International financial centers have competed to reform their listing rules to welcome more SPACs and to attract more capital from global investors. Therefore, people start to question about: could Singapore, with a newly introduced SPAC model, maintain and strengthen its position as a leading financial center internationally? Is Singapore able to become a top SPAC hub in Asia and, to what extent, could its new SPAC regime contribute to the region's economic growth? This section intends to answer the aforementioned questions by analyzing the advantages of Singapore's SPAC model in three aspects.

A. Singapore's SPAC model is a more balanced regime reconciling the interests of both investors and sponsors

As stated, the SEC has recently adopted a stricter approach towards SPACs and de-SPAC transactions with an objective to provide stronger investor protection. Meanwhile, the Singaporean regulators have tried to make a more balanced regime that works for multiple parties including investors and sponsors. For example, the SEC alerted investors not to take part in SPAC investments simply based on the involvement of any celebrities.⁸² The SGX has not yet conveyed such announcement to investors by potentially narrowing down the scope of potential sponsors to exclude movie stars, athletes, and singers, as they might be capable of attracting large sums of money invested into Singaporean SPACs. However, considering the potential misrepresentations, securities frauds, and other issues harming investor interests, the SGX has proposed a interests binding mechanism that demands sponsors to invest in their own money worth at

least 2.5%–3.5% of the IPO shares, units, or warrants. This could effectively align the interests of sponsors with that of public shareholders, while encouraging the sponsors of all backgrounds to join the SPAC game and diverting more capital to Singapore.

If a game hopes to attract as many players as possible for a long time, it will need a set of well-designed rules serving for the shared interests of all participants. When Singapore is catching up with global SPAC practices, its regulators have taken a more neutral stand in welcoming different parties to take part in SPAC activities in Singapore, instead of prioritizing the protection of certain investors as the single regulatory objective.⁸³ Accordingly, this move is likely to produce two positive outcomes. On the one hand, there is less incentive for sponsors to conduct frauds on the market as their failure to obey the rules could potentially lead to a revisiting of listing rules in favor of protecting the interests of their counterparties. Then, it is expected that the future regulations of the SPAC listing process would be driven towards similar standards to those for ordinary IPOs. Most new sponsors in Singapore, to avoid the meltdown of market enthusiasm and to prevent stringent supervision, are likely to act in a self-disciplined manner to protect market integrity.⁸⁴ On the other hand, investors will act more prudently when they are aware of the fact that regulators do not simply safeguard their interests and consider other parties' benefits as well. If regulators pursue a more preventative SPAC scheme, the market is likely to be quiet as a limited number of sponsors will choose to come to Singapore. Clearly, a more balanced design of SPACs will let the market play a decisive role in the listing and merger activities, driven by the "invisible hand" rather than the "visible hand."⁸⁵ The regulatory policies acting as the visible hand could contribute to financial markets' stability, certainty, and efficiency due to the alleviated information asymmetry between regulators and market participants.⁸⁶

B. Singapore's SPAC model is likely to recharge Singapore Exchange with extra liquidity

A strong securities market, working together with the banking sector, can facilitate economic prosperity and growth.⁸⁷ Stock markets if operate with sufficient liquidity will accelerate money creation and circulation.⁸⁸ The high liquidity of U.S. stock markets can be attributed to the country's enduring economic strength and global reputation, which attracts international institutions, specialists, investors pooling their money on the NYSE and NASDAQ which are open markets seeing large-scale securities trading.⁸⁹ SPACs are born to be a corporate mechanism inviting large sums of money as they involve the joint efforts of financial and legal specialists, institutional sponsors, celebrities,

and targeted companies (most of which are from the high-tech industry). For a long time, Singapore has been considered as a reputable city having a prosperous and resilient financial system, the promising business environment, and the stable political conditions, which lays a sound foundation for developing a liquid and sound stock market. However, due to its limited natural resources, lands, and small population, Singapore does not have a large cluster of investment funds comparable to that in New York and London, nor could it foster a sizable local tech industry akin to that in Silicon Valley. Under these circumstances, a well-designed SPAC model could render Singapore's stock market an attractive place for relevant parties in the Asia-Pacific region and globally. Besides, Singapore state-owned investment firm Temasek Holdings has been supporting some of its portfolio companies for a trial listing via local SPAC.⁹⁰ The endorsement from the prestigious Temasek, to a large extent, will boost market confidence in homegrown SPACs, which lures more international investors and tech startups to come to Singapore.

C. Singapore's SPAC model could attract the listing of Asian high-tech unicorns back from U.S. stock markets

As financial markets have witnessed the continuing trend of globalization in the 21st century, cross-border listing has become a common phenomenon happening across the world which has caused fierce competition among international financial centers to win more IPO businesses.⁹¹ Unfortunately, Singapore has recently seen the listing immigration of four successful local unicorns (i.e. Grab, Sea, Lazada, and Razer) with a combined market value of US\$20bn from SGX in Singapore to either NYSE or NASDAQ in New York.⁹² As a result, Singapore has taken a steady decision to permit the listing of SPACs at home in order to offer local tech giants an option of floating shares. In addition, promoting Singapore's SPAC model also benefits other Asian industrial pioneers, high-tech unicorns, and their investors. Due to the alike limitation of lands and population, South Korea, Taiwan, Japan, and Singapore have adopted some similar economic policies over the past decades, including the promotion of their high-tech industries as a national strategy.⁹³ As a result, these economies have jointly built up a successful Asian high-tech community with hundreds of successful tech corporations like SONY, Samsung, and TSMC and millions of engineers and computer scientists. Nonetheless, before Singapore's SPAC model was made available, there had been very limited options for international companies to go public via de-SPAC in Asian markets.⁹⁴ At present, Singapore has been serving as a prominent SPAC hub for regional businesses and economies that share the Asian values.⁹⁵ What's more, Asian companies, when seeking a

listing in Singapore, could save efforts and costs in terms of adjusting financial accounting and corporate governance standards compared with a listing on U.S. markets. The corporate structure and capital market condition in Japan, Taiwan, and South Korea are known for a high concentration of ownership by a small group of family members or other major shareholders, in contrast to the dispersed shareholding model commonly seen in U.S. public companies.⁹⁶ Last but not least, if Singapore manages to become a thriving Asian SPAC hub, wealthy families and individual investors from the region are expected to relocate part of their money from the overseas markets to Singapore which has more familiar investment environment and culture. This could potentially reverse the current capital flight trend from Asia to the U.S., which also helps Asian economies to retain and accumulate more capital conducting to their longstanding economic prosperity.

6. The potential risks of Singapore's SPAC model

The potential risks of Singapore's SPAC model refer to those risks that are exposed to retail investors. Although Singapore has an institution-dominated equity market, retail investors still play a vital and indispensable role in stock trading activities as they account for 30% of the total trading volume.⁹⁷ Therefore, retail investors in Singapore are likely to commonly engage in the trading of SPAC securities when they come to the market. Whether or not the law should grant retail investors the eligibility to be independent SPAC investors had been widely debated in Singapore during the public consultation period in early 2021. Some respondents disagreed with the proposal of retail trading base on the Singapore's market infrastructure and ecosystem where there exists limited shareholder activism and the restricted availability of regulatory resources for investors.⁹⁸ However, the Singaporean regulators held that this concern could be addressed by enhancing education and providing supportive information materials for investors as the regulators intend to achieve this by partnering with the Securities Investors Association in Singapore.⁹⁹ Therefore, along with institutional players, retail investors in Singapore are now able to participate in SPAC investments.¹⁰⁰

A. The potential risks for retail investors at the stage of SPAC listing

In the early stage of any SPACs, retail investors are likely to face higher transaction costs when identifying any successful investments. They are expected to assess the ability, credibility, and experience of the sponsor teams and to evaluate if they have possessed track records of investing in any specific industries. Once there is a target company showing up, retail investors need to make a quick final decision on business combination via

shareholder voting,¹⁰¹ especially when their SPAC approaches the deadline for business combination, i.e. 36 months after its IPO.¹⁰² Furthermore, when there is sufficient time left by the issuers for retail investors to vote on the business combinations, the decision-based information of target's statements will be published in a proxy way by issuers and financial advisors.¹⁰³ Although the false and misleading statements could make shareholders and/or directors of the target company subject to civil or criminal liabilities under Sections 253 and 254 of Singapore Securities and Futures Act (SFA), there will be a joint liability for sponsors, the target company, and gatekeepers in SPACs for the proxy statements where multiple respondents including SPAC founding shareholders and/or directors and other professional institutions are involved in a fraud litigation. On the seller side, this means the reduced level of criminal liability under Sections 253 and 254 of the SFA for shareholders and directors of the target company in the SPAC life cycle.¹⁰⁴

B. The potential risks for retail investors after de-SPAC

On the buyer side, retail investors may get stuck in double transaction risks—the securities fraud risk and the risk of long-period suspension of a listed company under any SGX investigations. When facing any securities frauds, retail investors have to launch costly private lawsuits against SPACs or their targets for the illegal activities committed by them, but Singapore lacks the U.S. style shareholder class action under the Securities Act of 1933 and the Securities Exchange Act of 1934, which could be problematic for investors to protect their legitimate interests.¹⁰⁵ Moreover, as Singapore's equity market presently holds certain suspicious listed companies subject to a long-period suspension of trading, the freezing of securities liquidity for 12 months or more could cause significant potential financial losses and other opportunity costs for retail investors.¹⁰⁶

7. Suggestions for introducing risk mitigation and investor protection mechanisms: lessons from the U.S.

In order to limit SPAC trading risks for retail investors resulting from information asymmetry and agency costs, we make some suggestions for Singaporean authorities based on the regulatory and judicial experience in the U.S.

A. To impose essential and enhanced information disclosure requirements

It is necessary to have essential information disclosure to protect investors and market integrity.¹⁰⁷ There are currently two types of essential information valued by the SGX concerning the shareholder interests and business combinations. According to

the SGX Mainboard Rule 625(7), it requires prominent disclosure of the impacts of share dilution on shareholders; and the Rule 625(2) focuses on the acquisition mandate and conditions which include the target business sector, types of asset, or geographic area for the purposes of undertaking a business combination.¹⁰⁸ The aforementioned rules could support retail investors to have some better insights into the trading trends and the targets to recognize potential risks, but it sometimes seems inadequate for retail investors to fully understand the SPAC arrangements which could be perceived as a black box full of uncertainties and there is much room for manipulation. It is unlikely for Singapore retail shareholders to efficiently calculate the inevitable expenses endured and potential investment losses, such as the future probability of combination failure on SPAC prospectus. Local regulators may need to impose more specific, substantial, and original information disclosure requirements on SPAC sponsors when preparing their prospectus or circular reports. Noticeably, a recent SEC Investor Advisory Committee's recommendation paper about SPAC investor protection has reflected the U.S. regulator's willingness to adhere to the stricter enforcement of existing disclosure rules under the Securities Exchange Act of 1934.¹⁰⁹

Accordingly, we propose three areas of expansive disclosure obligations for Singapore SPACs to ensure the market integrity and to facilitate the city's building of Asia's leading financial center and SPAC hub. Firstly, the price paid for promotion shares and the proportion of shares owned by founding sponsors should be disclosed, which allows retail investors to measure the fluctuation range of share value after de-SPAC or beyond six months of the moratorium. Besides, issuers and financial investors should be required to make statements for retail investors in plain language enabling them to have a grasp of future plans easily, instead of incurring professional education costs on the SPAC buy-side. Secondly, it needs to carefully consider the design of timelines by factoring into the need to protect the interests of retail investors during the de-SPAC process based on Singapore's market reality. Compared with institutional or professional investors, retail investors usually need a longer period of time to collect and understand valuable information before a responsible and informed decision can possibly be made. Otherwise, their reasonable behaviors would be taking a free ride based on the work of sponsors or other market participators, which is not always reliable. Thirdly, it is beneficial to narrow down or restrict the scope of potential acquisition targets. In order to reduce the uncertainty about future target companies, the selection scope of future targets should be limited to companies in certain industries or specific business areas (such as fintech, medicine, or space ex-

ploration), which can help retail investors better understand the boundaries of future investments based on their willingness of acceptance, knowledge, skills, and different risk appetites. This could also help investors filter out some SPACs that are purely based on the celebrity effect and have vague investment strategies, which could result in enormous investment risks.

B. To set up the liability aggravation rules for key stakeholders

Another prominent method lowering agency costs in SPACs is to aggravate the liabilities of relevant stakeholders. The term agency cost originally refers to the consequence of the separation between ownership and control in modern corporations where the interests of owners and that of managers may diverge.¹¹⁰ It has also become a common term used in the relationship between investors and specific institutions like gatekeepers.¹¹¹ In the SPAC scenario, the problem of agency cost is widespread between retail investors and managing directors in both SPACs and the target businesses.¹¹² Therefore, the standard of due diligence of directors should be set at a high level. In the case *Parsifal Partners B, LP v Zugel*,¹¹³ the SPAC director Cameron was alleged to breach his fiduciary duty to investors, based on “. . . his failure to conduct due diligence, or if he did have knowledge of the alleged fraud involving the concealment of ZAIS’s AUM, his silence.” The court upheld the claim supporting a reasonable inference of gross negligence and the breach of the duty of care. A similar claim could be found in the case *AP Servs., LLP v Lobell* where SPAC directors were sued for that they “willfully ignored” and “closed their eyes” which lead to “. . . failure to investigate in response to the red flags.”¹¹⁴ In the U.S., SPAC directors are likely to assume the same role as IPO directors to take the duty of care in the proxy statements. In most cases, their failures to perform due diligence is not about willfully signing a fraud statement to investors, but is concerning the ignorance of suspicious red flags. Then, what are the persuasive factors or proofs allowing judges to make a decision on whether SPAC directors have taken reasonable diligence or not? In our view, at least two basic factors should be considered. The primary consideration focuses on the behavioral aspect. As the case *Graham Packaging Co., L.P. v Owens-Illinois, Inc.* points out, defendants should have at least inquired on relevant information as a way to exercise reasonable diligence when they could not learn certain information on SPACs and the targets.¹¹⁵ Therefore, any silence on incomplete or suspicious statements should be recognized as directors’ failure to perform due diligence. Another point worth consideration lies in the potential conflict of interest in any SPAC schemes. When directors or founding shareholders have their private interests in the

SPAC transactions that prevent them from properly fulfilling their duties owed to retail shareholders, they are likely to act in a self-interested manner. The conflict of interest could make SPAC directors not to stop bad business combinations, if any, as they expect to continue serving as directors of new companies at the closing of business combinations during the de-SPAC process.

8. Conclusion

The global rise of SPACs has invoked a new round of competition among major financial centers in attracting financial resources and best companies, which has a profound impact on the growth of securities markets at both regional and international level. This article has explored the recent developments of SPACs and relevant regulatory responses in the U.S. and how the investment mania has spread to other financial centers in Asia and Europe. Even though Singapore and the U.S. are geographically far away from each other, some common market elements such as global capital funds, high-tech companies, and international investors have brought these two cities together. Now SPAC sponsors have to make some comparison between New York and Singapore in deciding the best place to initiate and list their special investment vehicles, by considering multiple factors like their locations, market liquidity and scales, business environments, and regulatory policies.

After analyzing the key points of Singapore's SPAC listing regime as well as its strengths and weaknesses, we are now answering the question posed in the beginning of this article: whether Singapore's SPAC model is acting as a game changer or a gap filler in international financial markets. The answer largely depends on the detailed geo-economic context under which we make analysis. It is safe to say that, at regional level, Singapore's SPAC regime is a real game changer in Asian capital markets when the SGX has become the first major bourse in Asia to accept the listing of SPACs on its mainboard. It provides a long awaiting opportunity for Asia's tech corporations and unicorns to enjoy better and more convenient financing and listing options at home. It also accommodates the increasing investment demands from Asia's retail, professional, institutional investors, and family offices who would like to tap into new asset classes. Moreover, Singapore's economic recovery and growth after the Covid-19 pandemic is likely to benefit from a more vibrant stock market with a diverse range of listed companies including SPACs. In this sense, a sound and efficient SPAC listing regime helps Singapore maintain its status as a top-notch financial center in Asia. Nonetheless, we will wait and see whether and how the HKEX is going to launch its SPAC listing regime, as the competition between Singapore and Hong Kong is expected to intensify since both cities are aiming for the position of Asia's no.1 SPAC center.

At global level, Singapore still has no power to directly challenge the U.S. dominance in SPAC transactions in the imminent future, but it does have some capacity in changing the direction of global capital flow by diverting some capital, talents, and tech enterprises back to Asia, which merits attention from U.S. policymakers. However, the competition between Singapore and New York might increase in the future. Considering the trade conflicts between the U.S. and China, Singapore, by taking a neutral position, is likely to attract more businesses from China and other ASEAN countries. In addition, Singapore has made favorable policies to support the growth of fintech unicorns and start-ups in areas like financial regulation, tax, employment, and industry ecosystem.¹¹⁶ Therefore, Singapore's SPAC model is playing a gap-filling role in the international financial markets, which mainly appeals to specialists, entrepreneurs, and high-tech companies eyeing on Asia. In order to occupy a leading position in the global SPAC game, Singapore Exchange has to ensure a sufficient level of market liquidity and trading volume of SPAC securities, which produces a fair valuation of de-SPAC entities. Also, it needs to strike a fine balance between maintaining market efficiency and affording appropriate investor protection. Without this, Singapore might not be able to convince global investors to initiate new SPACs in its territory despite the city's attractive listing standards. How to tell a good story about Singapore's advantages such as its sound legal system, dynamic financial market, and moderate regulatory style remains a crucial task for securities regulators in the lion city.

NOTES:

¹On June 6, 1934, the former U.S. President Franklin D. Roosevelt signed the Securities Exchange Act 1934 that led to the creation of the Securities and Exchange Commission (SEC), in response to the unsatisfying enforcement of Blue Sky Laws at that time. See the U.S. Securities and Exchange Commission, 'The Laws That Govern the Securities Industry,' (May 25, 2021), <https://www.investor.gov/introduction-investing/investing-basics/role-sec/laws-govern-securities-industry>, accessed on November 12, 2021.

²Even though the Securities Act of 1933 and the Securities Exchange Act of 1934—as amended through decades—have few deficiencies and inconsistencies in the current regime, the U.S. securities law framework has remained a preeminent example in domestic and global marketplaces. See *Marc I Steinberg, Rethinking Securities Law* (Oxford University Press 2021), page 4.

³The U.S. securities law system has been perceived as a model by many Asian economics when designing their own securities market infrastructures and regulatory systems, including civil law systems like Japan, Taiwan, South Korea, and mainland China, but due to local market characteristics, various differences exist in Asian capital market practices. See Gilson, Ronald J., and Mark J. Roe. "Understanding the Japanese keiretsu: overlaps between corporate

governance and industrial organization" (1993) 102 *Yale Law Journal* 871–906.

⁴*Reuters*, "Global SPAC deal volumes this year surpass total for 2020" (9 March 2021), available at <https://www.reuters.com/article/uk-usa-markets-spac-idUKKBN2B11WG>, accessed November 12, 2021.

⁵The U.S. Securities and Exchange Commission, "What You Need to Know About SPACs- Investor Bulletin," (May 25, 2021), available at <https://www.sec.gov/oiea/investor-alerts-and-bulletins/what-you-need-know-about-spacs-investor-bulletin>, accessed on November 12, 2021.

⁶*The Wall Street Journal*, "SPAC Pioneers Reap the Rewards After Waiting Nearly 30 Years" by Amrith Ramkumar (March 9, 2021), available at <https://www.wsj.com/articles/they-created-the-spac-in-1993-now-theyre-reaping-the-rewards-11615285801>, accessed on November 12, 2021.

⁷SPACInsider, "SPAC Statistics — IPO Transactions: Summary by Year" (March 9, 2021), available at <https://spacinsider.com/stats/>, accessed on November 12, 2021.

⁸Statista, "SPACs — statistics & facts," available at <https://www.statista.com/topics/7380/spacs-in-the-us/>, accessed November 12, 2021.

⁹*Norton Rose Fulbright*, "SPACs: The London alternative" (May 2021), available at <https://www.nortonrosefulbright.com/en-gb/knowledge/publications/94734f5e/spacs-the-london-alternative>, accessed on November 12, 2021.

¹⁰According to the FCA's Listing Rules, SPACs neither meet the independence and track record requirements for LSE's premium listing as commercial companies, nor do they meet the risk diversification requirements for premium listing for closed-ended investment funds. However, these eligibility requirements do not apply to a listing on the LSE's standard segment or its AIM.

¹¹Financial Conduct Authority (FCA), "Investor protection measures for special purpose acquisition companies: Changes to the Listing Rules (PS21/10)" (July 2021), available at <https://www.fca.org.uk/publication/policy/ps21-10.pdf>, accessed on November 12, 2021.

¹²Deloitte, "The SPACs boom: Europe picks up the pace" (July 14, 2021), available at <https://www2.deloitte.com/us/en/insights/industry/financial-services/spacs-in-europe.html>, accessed on November 12, 2021.

¹³*Asia Business Law Journal*, "SPAC invaders" (June 2, 2021), available at <https://law.asia/spac-invaders-asia/>, accessed on November 12, 2021.

¹⁴Singapore Exchange (SGX), "SGX introduces SPAC listing framework" (September 2, 2021), available at <https://www.sgx.com/media-centre/20210902-sgx-introduces-spac-listing-framework>, accessed on November 12, 2021.

¹⁵Hong Kong Exchanges and Clearing Limited (HKEX), "Consultation Paper: Special Purpose Acquisition Companies" (September 17, 2021), available at https://www.hkex.com.hk/News/Regulatory-Announcements/2021/210917news?sc_lang=en, accessed on November 12, 2021.

¹⁶Rebecca Isjwara, "Asian financial hubs dominate Global Financial Centers Index" S&P Global (September 17, 2021), available at <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/asian-financial-hubs-dominate-global-financial-centers-index-63214442>, accessed on November 12, 2021.

¹⁷*The Wall Street Journal*, "Singapore to Host SPAC Listings, in a First Among Asian Financial Hubs" by Jing Yang (September 2, 2021), available at <https://www.wsj.com/articles/singapore-to-host-spac-listings-with-new-framework-11630575002>, accessed on November 12, 2021; *Asia Business Law Journal*,

“SPAC invaders” (June 2, 2021), available at <https://law.asia/spac-invaders-asia/>, accessed on November 12, 2021.

¹⁸SPACInsider, “SPAC IPO Transactions: Summary by Year,” available at <https://spacinsider.com/stats/>, accessed on November 12, 2021.

¹⁹*Ibid.*

²⁰Merging with SPACs seems to be a favorable listing method for cryptocurrency companies whose businesses are fast-moving, as the SPAC listing option is faster, simpler, and more cost-effective than traditional listing approaches. Crypto firms have learned a lesson from the Coinbase’s lengthy IPO process lasting for more than six months in early 2021. See *Forbes*, “Cryptocurrency And The Rise Of Special Purpose Acquisition Companies” by Steve McNew, (September 10, 2021), available at <https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2021/09/10/cryptocurrency-and-the-rise-of-special-purpose-acquisition-companies/>, accessed on November 12, 2021.

²¹Emily Graffeo, “Investing legend Charlie Munger blasts SPACs as indication of an ‘irritating bubble’ and says the ‘world would be better off’ without them,” *Markets Insider* (February 24, 2021), available at <https://markets.businessinsider.com/news/stocks/charlie-munger-spac-bubble-mania-investment-stock-market-buffett-berkshire-2021-2>, accessed on November 12, 2021.

²²Michael D. Klausner, Michael Ohlrogge and Emily Ruan, “A Sober Look at SPACs” (October 28, 2020), *Yale Journal on Regulation* (forthcoming), available at SSRN: <https://ssrn.com/abstract=3720919>, accessed on November 12, 2021.

²³The SEC’s Investor Advisory Committee (IAC) is authorized by the Dodd-Frank Act to submit findings and recommendations for review and consideration by the SEC. As the committee’s members come from outside the SEC and their recommendations are of advisory nature, it offer useful guidance in the areas that merits the regulator’s attentions in terms of proposed rulemakings in the future. See the SEC, “Recommendations of the Investor as Purchaser and Investor as Owner Subcommittees of the SEC Investor Advisory Committee regarding Special Purpose Acquisition Companies (Drafted August 26, 2021),” available at <https://www.sec.gov/spotlight/investor-advisory-committee-2012/draft-recommendation-of-the-iap-and-iao-subcommittees-on-spacs-082621.pdf>, accessed on November 12, 2021.

²⁴On April 12, 2021, the SEC published a staff statement on accounting and reporting considerations for warrants issued by SPACs. It pointed out that, based on evaluation of fact patterns of the terms of warrants issued by SPACs, they should be classified as a liability measured at fair value rather than as equity according to the U.S. Generally Accepted Accounting Principles (GAAP). This could better decrease the potentiality of SPAC fraud manipulated by a few group of sponsors and management team. See the SEC, “Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Acquisition Companies (SPACs),” (12 April, 2021), available at: <https://www.sec.gov/news/public-statement/accounting-reporting-warrants-issued-spacs>, accessed on November 12, 2021.

²⁵The SEC, “SEC Charges SPAC, Sponsor, Merger Target and CEOs for Misleading Disclosures Ahead of Proposed Business Combination, 13 July 2021,” available at <https://www.sec.gov/news/press-release/2021-124>, accessed on November 12, 2021.

²⁶*Ibid.*

²⁷*Ibid.*

²⁸*The Hill*, “Are space SPAC IPOs a regulator’s dilemma?,” (March 20,

2021), available at <https://thehill.com/opinion/technology/544155-are-space-spac-apos-a-regulators-dilemma>, accessed on November 12, 2021.

²⁹If the acquisition task is not completed within the two-year “screening for a target” period, all funds will be returned to investors, and sponsors will lose their promote with their warrants becoming worthless. Unlike the managers of PE funds, SPAC sponsors do not charge the management fees. All their earnings depend on a successful acquisition. The two-year restriction period is set to prevent SPACs from delaying the acquisition process, as a means of investor protection. However, this may incentivize sponsors, under time constraint, to search for less satisfactory target companies with poor business prospects.

³⁰L. Dimitrova, “Perverse incentives of special purpose acquisition companies, the poor man’s private equity funds” (2017) 63 *Journal of Accounting and Economics* 99.

³¹Freshfields Bruckhaus Deringer, “What’s driving the SPAC boom?,” available at <https://www.freshfields.com/en-gb/our-thinking/campaigns/ma-monitor/s-pacs-the-ma-craze-that-shows-no-sign-of-slowing-whats-driving-the-spac-boom/>, accessed on November 12, 2021.

³²*Market Watch*, “These are the hidden dangers lurking inside SPACs that can hurt you” (27 February 2021), available at <https://www.marketwatch.com/story/these-are-the-hidden-dangers-lurking-inside-spacs-that-can-hurt-you-11614267559>, accessed on November 12, 2021.

³³SPAC investors often have limited information about the businesses carried out by listed entities, and the investment return fully depends on the SPACs’ management team to fulfill the investors’ expectations. Most investors’ decision of whether to invest in the SPACs will be purely based on the past performance of the SPAC sponsors.

³⁴For a long time, Singapore and Hong Kong have been competing to become the leading financial centers in Asia, along with Beijing, Shanghai, and Tokyo. See the discussions in Section 3: “Cement its status as leading international financial center.”

³⁵In fact, this is not the first time for SGX to consider the listing of SPACs. On January 6, 2010, SGX issued a public consultation paper on “Proposed Amendments to the Listing Rules” which sought public feedback on proposed amendments to the SGX Listing Rules (Mainboard) which includes a proposal to introduce and facilitate the listing of SPACs. However, following the feedback at that time (the proposal was only supported by a small number of investors and companies), SGX decided that it was not a right time to permit the listing of SPACs on its mainboard. See SGX, “Consultation Paper on Proposed Listing Framework for SPACs (March 31, 2021),” available at: <https://api2.sgx.com/sites/default/files/2021-03/Consultation%20Paper%20on%20Proposed%20Listing%20Framework%20for%20Special%20Purpose%20Acquisition%20Companies.pdf>, accessed on November 12, 2021.

³⁶Singapore Exchange (SGX), “Proposed Listing Framework for Special Purpose Acquisition Companies (September 2, 2021),” available at <https://api2.sgx.com/sites/default/files/2021-09/Response%20Paper%20on%20Proposed%20Listing%20Framework%20for%20Special%20Purpose%20Acquisition%20Companies.pdf>, accessed on November 12, 2021.

³⁷*Bloomberg*, “Singapore, Temasek Start \$1.1 Billion Fund to Boost Market” by Ishika Mookerjee and Ann Koh (September 17, 2021), available at <https://www.bloomberg.com/news/articles/2021-09-17/singapore-seeks-to-boost-local-stock-market-with-funding-effort>, accessed on November 12, 2021.

³⁸Bank for International Settlements (BIS), “Changing Patterns of Capital

Flows (May 2021),” available at <https://www.bis.org/publ/cgfs66.pdf>, accessed on November 12, 2021.

³⁹*S&P Global*, “Hong Kong, Singapore adopt divergent approaches to SPACs as deals heat up” (March 2, 2021), available at: <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/hong-kong-singapore-adopt-divergent-approaches-to-spacs-as-deals-heat-up-62920263>, accessed on November 12, 2021.

⁴⁰Lerong Lu, “Reforming Corporate Share-Listing Rules in China: Understanding the Rationale and Advantages of the Registration-Based IPO Regime” (2021) 42 *The Company Lawyer* 236.

⁴¹*Ibid.*

⁴²Hong Kong Exchanges and Clearing Limited (HKEX), “Consultation Paper: Special Purpose Acquisition Companies” (September 17, 2021), available at https://www.hkex.com.hk/News/Regulatory-Announcements/2021/210917news?sc_lang=en, accessed on November 12, 2021.

⁴³The index is compiled based on investigating both the financial center assessments and instrumental factors (e.g. business environment, human capital, infrastructure, financial sector development, and reputational & general measures Global Financial Centers Index (GFCI), available at: https://www.longfinance.net/media/documents/GFCI_30_Report_2021.09.24_v1.0.pdf, accessed on November 12, 2021.

⁴⁴Monetary Authority of Singapore (MAS), “Development,” available at <https://www.mas.gov.sg/development>, accessed on November 12, 2021.

⁴⁵BIS, “Financial centers today and tomorrow: a Singapore perspective, address by Mr. Lee Hsien Loong, Deputy Prime Minister of Singapore and Chairman of the Monetary Authority of Singapore, at the International Monetary Conference, Singapore (June 4, 2001),” available at <https://www.bis.org/review/r010607c.pdf>, accessed on November 12, 2021.

⁴⁶The Ministry of Foreign Affairs (Singapore), “ASEAN,” available at <https://www.mfa.gov.sg/SINGAPORES-FOREIGN-POLICY/International-Organisations/ASEAN>, accessed on November 12, 2021.

⁴⁷The P.R.C. Securities Law 2020 has brought some major changes to the capital markets, such as the registration-based IPO regime, stricter penalties for illegal activities (e.g., fraudulent issuance, misrepresentation, and false information disclosure), and the improvement of the investor protection regime for a disclosure-centered regulatory system. See Lerong Lu, “PRC Securities Law 2020: Promoting More Efficient and Transparent Capital Markets in China” (2021) 36 *Butterworths Journal of International Banking and Financial Law* 237; Lerong Lu, “Reforming Corporate Share-Listing Rules in China: Understanding the Rationale and Advantages of the Registration-Based IPO Regime” (2021) 42 *The Company Lawyer* 236.

⁴⁸The Star Market stands for the Sci-Tech Innovation Board at Shanghai Stock Exchange. See Lerong Lu, “The Rising Star in the East: Unveiling China’s Star Market, the Registration-Based IPO Regime, and Capital Markets Law Reform” (2020) 31 *International Company and Commercial Law Review* 394.

⁴⁹Lerong Lu and Ningyao Ye, “Shanghai-London Stock Connect: Operating Mechanism, Opportunities, and Challenges” (2019) 34 *Butterworths Journal of International Banking and Financial Law* 684.

⁵⁰The Ministry of Trade and Industry (Singapore), “Performance of the Singapore Economy in 2020 (February 15, 2021),” available at <https://www.mti.gov.sg/Resources/feature-articles/2021/Performance-of-the-Singapore-Economy-in-2020>, accessed on November 12, 2021.

⁵¹*Ibid.*

⁵²*Bloomberg*, "Singapore Exchange Hopes to List SPACs as Early as This Year" (February 18, 2021), available at <https://www.bloomberg.com/news/articles/2021-02-18/singapore-exchange-hopes-to-list-spacs-as-early-as-this-year>, accessed on November 12, 2021.

⁵³*BBC*, "Covid threatens Singapore's business hub crown" By Katie Silver (August 31, 2021), available at <https://www.bbc.co.uk/news/business-58380798>, accessed on November 12, 2021.

⁵⁴Ningyao Ye and Lerong Lu, "How to harness a unicorn? Demystifying China's reform of Share Listing Rules and Chinese Depository Receipts" (2019) 30 *International Company and Commercial Law Review* 454.

⁵⁵*CB Insights*, "The Complete List of Unicorn Companies," available at <http://www.cbinsights.com/research-unicorn-companies>, accessed on November 12, 2021.

⁵⁶*Ibid.*

⁵⁷*Ibid.*

⁵⁸*The Financial Times*, "ByteDance embarks on hiring spree in Singapore" by Stephanie Findlay and Mercedes Ruehl (March 18, 2021), available at <https://www.ft.com/content/0a967260-a931-41bd-9937-e56102e7dfbe>, accessed on November 12, 2021.

⁵⁹*South China Morning Post*, "Tech titans Grab, Traveloka, PropertyGuru eye US listings via SPAC merger-but what of Asia's bourses?" by Resty Woro Yuniar and Kok Xinghui (17 April, 2021), <https://www.scmp.com/week-asia/economics/article/3129884/tech-titans-grab-traveloka-propertyguru-eye-us-listings-spac>, accessed on November 12, 2021.

⁶⁰UHNWI refers to those individuals with a net wealth of at least \$30 million. See *Statista*, "Number of ultra high net worth individuals (UHNWI) in Singapore from 2014 to 2020, with a forecast for 2025" <https://www.statista.com/statistics/785102/singapore-number-of-uhnwi/>, accessed on November 12, 2021.

⁶¹*Singapore Business Review*, "Why US HNWI's Should Set Up Family Office In Singapore (2021)" by Atin Bhutani, <https://sbr.com.sg/commercial-property/commentary/why-us-hnwis-should-set-family-office-in-singapore>, accessed on November 12, 2021.

⁶²*Business Insider*, "James Dyson, the billionaire famous for buying Singapore's most expensive penthouse in 2019, has moved back to the UK" by Katie Warren (April 22, 2021), available at <https://www.businessinsider.com/billionaire-james-dyson-leaving-singapore-back-to-uk-2021-4?r=US&IR=T>, accessed on November 12, 2021.

⁶³SGX Mainboard Listing Rules, Rule 210(11)(d).

⁶⁴SGX Mainboard Listing Rules, Rule 210(1)(a).

⁶⁵The Singapore's approach is different from that of the U.K. The FCA's Listing Rules (LR) "5.6 Reverse Takeovers" in principle requires a suspension period except for conditions met under 5.6.18AG of the FCA LR.

⁶⁶SGX Mainboard Listing Rules, Rule 210(11)(e).

⁶⁷SGX Mainboard Listing Rules, Rule 210(11)(f).

⁶⁸SGX Mainboard Listing Rules, Rule 229(1)-(4).

⁶⁹The U.S. Securities and Exchange Commission (SEC), "Initial Public Offerings: Lockup Agreements (September 2011)," available at <https://www.sec.g>

[ov/fast-answers/answerslockuphtm.html](#), accessed on November 12, 2021.

⁷⁰Ramey Layne and Brenda Lenahan, “Special Purpose Acquisition Companies: An Introduction” (July 6, 2018), *Harvard Law School Forum on Corporate Governance*, available at <https://corpgov.law.harvard.edu/2018/07/06/special-purpose-acquisition-companies-an-introduction/>, accessed on November 12, 2021.

⁷¹The SEC, “eToro Group Ltd., — Form of Lock-Up Agreement,” available at https://www.sec.gov/Archives/edgar/data/0001829328/000121390021015541/ea137642ex10-4_fintechacq5.htm, accessed on November 12, 2021.

⁷²SGX Mainboard Listing Rules, Rule 210(11)(i)(i).

⁷³In NYSE, the initial listing requirements for warrants shall be met, according to the NYSE Listed Company Manual Section 102.06, where The Exchange will consider on a case-by-case basis the appropriateness for listing of companies (“acquisition companies” or “ACs”) with no prior operating history that conduct an IPO of which at least 90% of the proceeds, together with the proceeds of any other concurrent sales of the AC’s equity securities, will be held in a trust account controlled by an independent custodian until consummation of a business combination in the form of a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination with one or more operating businesses or assets (a “Business Combination”) with a fair market value equal to at least 80% of the net assets held in trust (net of amounts disbursed to management for working capital purposes and excluding the amount of any deferred underwriting discount held in trust) (the “Business Combination Condition”).

⁷⁴SGX Mainboard Listing Rules, Rule 210(11)(i)(v).

⁷⁵SGX Mainboard Listing Rules, Rule 210(11)(k).

⁷⁶SGX Mainboard Listing Rules, Rule 210(11)(n)(iii).

⁷⁷Singapore welcomes sponsors to participate in the final decision of business combination, whereas the founding shareholders, sponsors, or directors are not permitted to do so in the UK. Similarly in the U.S., any business combinations in NASDAQ have to be approved by the majority of independent directors of the company under NASDAQ listing Rule IM-5101-2, while NYSE allows the majority of both common shareholders and independent directors to approve the business combination. See Daniele D’Alvia, “The International Financial Regulation of SPACs between Legal Standardised Regulation and Standardisation of Market Practices” (2020) 21 *Journal of Banking Regulation* 107.

⁷⁸SGX Mainboard Listing Rules, Rule 210(11)(m)(i).

⁷⁹SGX Mainboard Listing Rules, Rule 754(3).

⁸⁰SGX Mainboard Listing Rules, Rule 210(11)(o) and/or (p).

⁸¹However, the SGX made some differentiated arrangements based on local conditions. For example, the Singapore’s stock market has refused to accept companies with the dual-class shares (DCS) in IPOs as it involves complex corporate governance and poses uncertain risks for local investors.

⁸²The U.S. Securities and Exchange Commission, “Celebrity Involvement with SPACs-Investor Alert (March 10, 2021),” available at <https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-alerts/celebrity>, accessed on November 12, 2021.

⁸³Some U.S. scholars also argued that U.S. securities regulations should be more neutral to firms’ businesses and different financial objectives. See Krug, Anita K. “The Other Securities Regulator: A Case Study in Regulatory Damage”

(2017) 92 *Tulane Law Review* 339.

⁸⁴Learned from what is happening in the U.S., newcomers in the Singapore market will be more likely to respect and follow the SGX SPAC rules if they desire to benefit from the city's SPAC ecosystem in the long run.

⁸⁵An interest-balanced scheme echoes Adam Smith's classic ideas on human nature and behavioral economics; for example, "self-interest entwines with our natural ability to enter into mutual sympathy with others. Thus, Smith's jurisprudence is not about promoting selfishness or greed; it is about advancing cooperation and interdependence." See Malloy, R., *Law and the Invisible Hand: A Theory of Adam Smith's Jurisprudence* (Cambridge University Press 2021), page 146.

⁸⁶It should be noted that regulatory policies also form part of the public information, affecting the market price and investors decisions. An overruled market shall also be considered as a low-efficient one. See Regulatory Gilson, R. J., & Kraakman, R., "Market efficiency after the financial crisis: It's still matter of information costs" (2014) 100 *Virginia Law Review* 313–376.

⁸⁷Especially for a global economic entity, both internal financing and bank financing-both have certain shortcomings. Therefore, building a strong securities market is not only providing more investment opportunities for local investors, but also serving as a national goal to keep domestic economic robust and reviving. See Black, B. S., "The legal and institutional preconditions for strong securities markets" (2001) 48 *UCLA Law Review* 781–856.

⁸⁸According to the research by Levine and Zervos, the size of stock market will predict the economic growth, but less strongly than liquidity. Hence, a stock market with sufficient liquidity is the reflection of and the foundation for one country's economic power. See Ross Levine and Sara Zervos, "Stock Markets, Banks, and Economic Growth" (1998) 88 *The American Economic Review* 537–558.

⁸⁹Consequently, the SEC officials hold a view that their continued future attention must be focused both on reducing the demand for liquidity and increasing the supply of liquidity. See the SEC, "Securities Market Issues for 1989: Market Liquidity, Large Trader Information, and Holding Company Risk Assessment," available at <https://www.sec.gov/news/speech/1989/051989ruder.pdf>, accessed on November 12, 2021.

⁹⁰*Bloomberg*, "Temasek's Vertex Weighs Singapore's First SPAC Listing" by Elffie Chew, Ishika Mookerjee, and Yoolim Lee (July 5, 2021), <https://www.bloomberg.com/news/articles/2021-07-05/temasek-s-vertex-is-said-to-weigh-singapore-s-first-spac-listing>, accessed on November 12, 2021.

⁹¹At present, there have been two forces reshaping the contemporary globalization and technology, which has sped up the trend of stock listing immigration and led to increasing regulatory competition. See Coffee, J. C., "Racing towards the Top?: The Impact of Cross-Listings and Stock Market Competition on International Corporate Governance" (2002) 102 *Columbia Law Review* 1757–1831; moreover, more cross-border listing could drain liquidity from local markets, negatively impacting emerging markets. See S Claessens, "Explaining the Migration of Stocks from Emerging Economies to International Centers," available at <https://openknowledge.worldbank.org/handle/10986/14814>, accessed on November 12, 2021.

⁹²*Singapore Business Review*, "Which Singaporean Companies Will Reach Unicorn Status In 2019?," available at <https://www.magzter.com/stories/Business/Singapore-Business-Review/Which-Singaporean-Companies-Will-Reach-Unicorn-Status-In-2019>, accessed on November 12, 2021.

⁹³According to an influential speech made 20 years ago by Singapore's former Prime Minister Mr. Lee Kuan Yew, he expressed the view that Japan, Korea, Singapore, Hong Kong and Taiwan would be the five Asian economies most prepared to move into the new economy, and China would not be far behind. See Lee Kuan Yew, "Speech by Senior Minister Lee Kuan Yew at Singapore Techventure 2000 Conference, at Mark Hopkins Hotel, San Francisco" (March 9, 2000), <https://www.nas.gov.sg/archivesonline/data/pdfdoc/2000030909.htm>, accessed on November 12, 2021.

⁹⁴Even though both South Korea and Malaysia have their own SPAC mechanisms, they mainly offer the service for companies in the local markets, which are not open to global investors and multinational companies.

⁹⁵"Asian values" is a concept advocated by Mr. Mahathir Mohamad (who is the former Prime Minister of Malaysia) and by Mr. Lee Kuan Yew (the former Prime Minister of Singapore) amongst other Asian leaders. The essence of "Asian Values" are "family, diligence, filial piety, education and obedience to authority." See *the Wall Street Journal*, "Lee Kuan Yew, the Man Who Remade Asia" by Orville Schell (March 27, 2015), available at <https://www.wsj.com/articles/lee-kuan-yew-the-man-who-remade-asia-1427475547>, accessed on November 12, 2021.

⁹⁶The pattern of agency costs in the companies and the structure of capital markets, such as Keiretsu in Japan or Chaebol in Korea, are largely different from U.S corporations. See Jerzy Grabowiecki, "Keiretsu Groups: Their Roles in the Japanese Economy and a Reference Point for Other Countries," available at <https://www.ide.go.jp/library/English/Publish/Reports/Vrf/pdf/413.pdf>, accessed on November 12, 2021; Nguyen, P., & Rahman, N., "Institutional ownership, cross-shareholdings and corporate cash reserves in Japan" (2020) 60 *Accounting & Finance* 1175–1207.

⁹⁷*Bloomberg*, "The Incredible Shrinking Singapore Stock Market" by Livia Yap and Tom Redmond (February 12, 2019), available at <https://www.bloomberg.com/news/features/2019-02-11/the-incredible-shrinking-singapore-stock-market>, accessed on November 12, 2021.

⁹⁸SGX, "Proposed Listing Framework for Special Purpose Acquisition Companies" (September 2, 2021), <https://www.sgx.com/media-centre/20210902-sgx-introduces-spac-listing-framework>, accessed on November 12, 2021.

⁹⁹*Ibid.*

¹⁰⁰In contrast, Hong Kong, as the long-time market rival to Singapore, would only strictly allow professional investors to take part in the subscription and trading of SPAC's securities, according to their latest Consultant Paper. See HKEX, "Consultant Paper on Special Purpose Acquisition Companies" (September 2021), available at <https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/September-2021-Special-Purpose-Acquisition-Co/Consultation-Paper/cp202109.pdf?la=en>, accessed on November 12, 2021.

¹⁰¹Considering the difficulties for searching necessary information details on risks and profit opportunities within a short period of time, SPACs, listed under the U.K. Financial Conduct Authority's supervision, may be caught by the provisions on reverse takeovers that apply to a shell company, according to 5.6.5 AR of the FCA Listing Rules sourcebook (LR). Except LR 5.6.8 satisfied, the FCA generally requires the suspension period as set out in LR 5.1.2G(3) and (4) for retail investors to access sufficient information that is publicly available.

¹⁰²SGX Mainboard Listing Rules, Rule 210 m (i).

¹⁰³Rule 7.1 of SGX Practice Note 6.4 (Requirements for SPACs).

¹⁰⁴This could be another good reason explaining why SPACs are seeing a rising popularity in Asia as an alternative to IPOs among high-tech companies in emerging markets that are in favor of “quick money, lower costs.”

¹⁰⁵Distinct from the U.S.-style shareholder class action, however, there is a similar type of representative action in Singapore to be brought as a civil procedure under the Order 15 Rule 12 (1) of Rules of Court (ROC). Only when the damages or the interests of a class of people (claimants or defendants) remain the same and all of them are willing to appoint representative(s), the Singapore courts will make the decision to bind all parties in one litigation. See Singapore's latest case POA Recovery Pte Ltd v Yau Kwok Seng & Ors [2021] SGHC 41.

¹⁰⁶According to a latest report by the SGX, there have been approximately 56 listed companies suspended over 12 months, with the longest case of 6.2 years where a suspended company has been undergoing Singapore court-supervised restructuring. https://api2.sgx.com/sites/default/files/2021-05/Long%20Suspended%20Companies%20Report_0.pdf, accessed on November 12, 2021.

¹⁰⁷Marc I. Steinberg and Lee E. Michaels, “Disclosure in Global Securities Offerings: Analysis of Jurisdictional Approaches, Commonality and Reciprocity” (1999) 20 *Michigan Journal of International Law* 207–266.

¹⁰⁸SGX Mainboard Rules, Rule 625(2) and (7).

¹⁰⁹As per Recommendations A.5 and A.3, the disclosure shall enlarge scopes beyond mere risk factors in a SPAC registration statement. See the SEC, “Recommendations of the Investor as Purchaser and Investor as Owner Subcommittees of the SEC Investor Advisory Committee regarding Special Purpose Acquisition Companies” (August 26, 2021), available at <https://www.sec.gov/spotlight/investor-advisory-committee-2012/draft-recommendation-of-the-iap-and-ia-o-subcommittees-on-spacs-082621.pdf>, accessed on November 12, 2021.

¹¹⁰Adolf A. Berle, Jr. and Gardiner C. Means, *The Modern Corporation and Private Property* (New York: Macmillan, 1932), page 7.

¹¹¹John C. Coffee Jr., “The Acquiescent Gatekeeper: Reputational Intermediaries, Auditor Independence and the Governance of Accounting” *Columbia Law & Economics Working Paper No. 191* (2001), available at https://scholarship.law.columbia.edu/faculty_scholarship/1249, accessed on November 12, 2021.

¹¹²In fact, SPAC retail investors face double dimensions of agency costs, from both directors and founding shareholders, because the nature of SPAC is essentially a cash company, as a outcome of highly capitalized markets. Furthermore, the management directors seemly have a closer binding relationship with founding shareholders, especially when they also own plenty of founding (promote) shares at the stage of pre-SPAC. Thus, there could be certain differences from the traditional model of U.S. listed companies with a high level of separation between ownership and control. See John C. Coffee, Jr., “The Rise of Dispersed Ownership: The Role of Law in the Separation of Ownership and Control” (2001) 111 *Yale Law Journal* 1–82.

¹¹³*Parsifal Partners B, LP v Zugel* — 2018 NY Slip Op 31413.

¹¹⁴*Ap Servs., LLP v. Lobell*, 2015 N.Y. Slip Op. 31115 (N.Y. Sup. Ct. 2015).

¹¹⁵*Graham Packaging Co., L.P. v Owens-Illinois, Inc.*, 67 AD3d 465, 465, 892 N.Y.S.2d 1.

¹¹⁶Monetary Authority of Singapore (MAS), “FinTech and Innovation”, available at <https://www.mas.gov.sg/development/fintech>, accessed on November 12, 2021.