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Singapore Exchange embraces the listing of special purpose acquisition companies (SPACs): Motivations, advantages, and regulations

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Singapore Exchange embraces the listing of special purpose acquisition companies (SPACs): Motivations, advantages, and regulations

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Listing; Singapore; Special purpose vehicles; Stock exchanges

Abstract

Recent years have witnessed the rapid rise of special purpose acquisition companies (SPACs) in the United States (US) and globally, as the annual amount of SPAC deals reaching $157 billion in 2020. In September 2021, Singapore Exchange decided to accept the public listing of SPACs on its mainboard, in order to strengthen the city's status as a leading international financial centre and to accommodate the financing demand of Asia's rising tech companies. This article first discusses the operating mechanism of SPACs, and then explains the motivations for Singapore to launch its own SPAC model. It also provides a summary of key points of Singapore's SPAC listing framework and considers its main advantages.

Introduction

Special purpose acquisition companies (SPACs), commonly known as blank-check companies, are shell entities listed on stock exchanges which do not have any underlying operating businesses or substantial assets apart from cash and limited investments derived from the proceeds of their initial public offerings.[1] Recently, SPACs have gained great popularity in the US and globally as the aggregated amount of deals reaching $157 billion in 2020.[2] Most SPACs provide a fast and low-cost listing option as an alternative to traditional initial public offerings (IPOs), as they have been employed as a financing vehicle to merge with a private company to enable the latter to obtain a public listing, bypassing strict regulatory scrutiny under IPOs. Outside the US, the securities regulators and stock exchanges in international financial centres, such as the United Kingdom (UK), Hong Kong, and Singapore, have been considering the change of listing rules that allow SPACs to list shares.[3]

On 2 September 2021, the Singapore Exchange (SGX) released the "Proposed Listing Framework for Special Purpose Acquisition Companies" that officially permits the public listing of SPACs on its mainboard.[4] The move aims to cement Singapore's status as one of leading financial centres in the world, to attract the listing of regional unicorn companies in the tech industry, and to satisfy the appetite of local high net-worth investors for higher-risk investments.[5] On 17 September 2021, the Singapore government launched a S$1.5 billion (US$1.1 billion) investment fund backed by Temasek Holdings, the city state's investment firm, to boost its stock markets by injecting money in high-growth companies and initial public offerings.[6]

This article discusses and analyses the Singapore's latest SPAC listing regime. First, it introduces the operating mechanism of SPAC to provide readers with some background knowledge. Secondly, it explains why Singapore decided to launch its SPAC listing regime in 2021. Thirdly, it provides a summary of key points of Singapore's SPAC listing framework. Fourthly, it considers the key benefits of Singapore's SPAC model. Finally, it draws a conclusion. The article is of interest to academics, researchers, and practitioners specialising in the fields of international corporate and financial law.

The operating mechanism of SPACs

SPACs and their listing regime originated from the US in the 1990s. In 1993, they were invented by US investment banker David Nussbaum and lawyer David Miller as the new vehicle gives private companies a new way of accessing stock markets.[7] So far, the New York Stock Exchange (NYSE) and NASDAQ have been playing a leading role in housing SPACs, as there were 248 blank-check companies going public in New York in 2020 which collected a total amount of $83.4 billion.[8] To obtain a public listing by merging with SPACs is, to some extent, similar to a standard reverse merger where

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[1] The US Securities and Exchange Commission, "What You Need to Know About SPACs—Investor Bulletin" (25 May 2021), *https://www.sec.gov/oiea/investor-alerts-and-bulletins/what-you-need-know-about-spacs-investor-bulletin*.

[2] Reuters, "Global SPAC deal volumes this year surpass total for 2020" (Reuters online, 9 March 2021), *https://www.reuters.com/article/uk-usa-markets-spac-idUKKBN2B11WG*.

[3] Karen Anderson et al., "SPACs in the City: the emerging litigation and regulatory risks in England and Wales" (2021) 36 *Butterworths Journal of International Banking and Financial Law* 633.

[4] Singapore Exchange (SGX), "Proposed Listing Framework for Special Purpose Acquisition Companies (Singapore Exchange, 2 September 2021)", *https://api2.sgx.com/sites/default/files/2021-09/Response%20Paper%20on%20Proposed%20Listing%20Framework%20for%20Special%20Purpose%20Acquisition%20Companies.pdf*.

[5] Unicorn companies refer to any private companies with a valuation of at least $1 billion. See Ningyao Ye and Lerong Lu, "How to harness a unicorn? Demystifying China's reform of Share Listing Rules and Chinese Depositary Receipts" (2019) 30 *International Company and Commercial Law Review* 454.

[6] Ishika Mookerjee and Ann Koh, "Singapore, Temasek Start $1.1 Billion Fund to Boost Market" (Bloomberg, 17 September 2021), *https://www.bloomberg.com/news/articles/2021-09-17/singapore-seeks-to-boost-local-stock-market-with-funding-effort*.

[7] Amrith Ramkumar, "SPAC Pioneers Reap the Rewards After Waiting Nearly 30 Years" (Wall Street Journal, 9 March 2021), *https://www.wsj.com/articles/they-created-the-spac-in-1993-now-theyre-reaping-the-rewards-11615285801*.

[8] SPACInsider, "SPAC Statistics—IPO Transactions: Summary by Year" (9 March 2021), *https://spacinsider.com/stats/*.

private businesses are to be acquired by an existing public company, avoiding the lengthy and complex regulatory requirements for ordinary IPOs.[9] Accordingly, a typical SPAC listing has two steps to accomplish: firstly, to build a SPAC as the shell entity and then raise funds through a public offering; and secondly, to find a target business and to merge it with the listed shell (which is often referred to as the "de-SPAC" process).

In the first step, SPACs will be set up by a management team known as SPACs' sponsors. SPACs are typically formed by professional managers who have private equity, corporate finance, or relevant industry experience. SPAC sponsors can be investment banks, hedge funds, PE funds, successful entrepreneurs, and celebrities such as athletes, movie stars, and politicians who believe they could use their expertise and reputation to solicit funds and to identify good businesses as the target to acquire.[10] After the establishment, there will be a formal IPO process for SPACs where sponsors and their investment bankers have to set offering price, underwrite shares, and hold roadshows, as well as completing the registration process by fulfilling regulatory requirements and issuing a prospectus. SPACs issue public units to investors with a typical issuing price of $10 per unit, containing one common stock and one public warrant or a fraction of such warrant.[11] Ordinary shares and warrants are traded on stock exchanges separately under their own stock codes. Besides, some SPACs will set up a crescent term to adjust the exercise price of warrants dynamically. The provision aims to adjust the warrant strike price when additional shares are issued at a price below a specified threshold in relation to a business combination. In such cases, the strike price of the warrants will be adjusted to 1.15 times of one of the following two prices, whichever is higher: (a) the market value of the stock or (b) the price of the newly issued shares.[12] Sponsors promote will be issued at the start of the SPAC registration, which typically accounts for 20% of the total publicly issued shares for a nominal purchase price of $25,000.[13] This aims to compensate the management team who are not allowed to receive any commissions or bonuses until the de-SPAC transaction finishes.[14] At this stage, the regulation of SPACs and their public offerings, including the laws governing issuance frauds, is no different from that of ordinary IPOs. Another feature of SPACs is that the raised funds will be ringfenced and managed by a trust account after their IPOs. A trust account will be set up to deposit most of the funds raised during the IPO (which generally holds 90–100% of the total fund), and such funds can only be used for the sole purpose of completing future M&As. Prior to the completion of de-SPAC transactions, the expenditure of SPACs' daily operation will be paid from the rest of IPO funds directly held by the sponsors or be paid by the sponsors on an additional basis. The funds in the trust account will normally be used to make short-term and low-risk investments, such as purchasing short-term US Treasury Bonds, although the US Securities and Exchange Commission (SEC) does not impose restrictions on the use of such funds.

In the second step, after SPACs publicly float their shares, they have to complete the acquisition of target businesses within a time limit, which is typically within two years with a maximum of 36 months.[15] Otherwise, SPACs would have to enter the liquidation process and to return the funds back to investors on a pro rata basis. Alternatively, SPAC sponsors could seek approval from shareholders to extend the life of SPACs, which could be another 12 months. If the target company is not found before the expiration date, founders' warrants which are subscribed by the sponsors will expire automatically. If a merger is completed within the allotted time, SPACs will continue to exist as an ordinary listed company (which is often called the successor company). As stated, the target company to acquire will not be determined before the IPO of SPACs. It is because if SPACs have a specific target of acquisition at the time of listing, they will be required by the SEC to disclose relevant information of the target company, including its financial situation, which is likely to slow down the entire IPO process. Accordingly, directors and executives of SPACs often state in the prospectus that target assets will not be ascertained in the pre-IPO stage. After the IPO, the management team with the funding in place will search for a specific target and conduct a series of due diligence investigations and extensive negotiations. In practice, the market value of target corporates will be two to three times of that of the listed shell so as to avoid the dilution of founders' share equities.[16] However, in some cases, sponsors are likely to find a target company that will be easier to merge within the time limit, instead of searching for the best target in the investors' interest. Once the acquisition target is located, SPACs will move towards the final and the most important phase of operation, that

[9] Despite the similarity between a reverse merger and a de-SPAC, SPACs have certain advantages as they come with a clean shell entity, a professional team of sponsors and management, the acquisition funding in place, and therefore, the greater certainty of finding a satisfactory target and complete the transaction. It is contrary to a reverse merger where the publicly listed company has been operating for a long time and has real business operations, which could lead to complicated financing and legal issues.
[10] Matt Egan, "Celebs including A-Rod and Ciara are getting into SPACs. What could go wrong?" (CNN, 23 February 2021), *https://edition.cnn.com/2021/02/23/investing/spac-arod-kaepernick-celebrities/index.html*.
[11] The warrant holders will be able to purchase additional common stocks at a price of $11.5 per stock, which is to provide investors with additional compensation for their investments. Public warrants cannot be exercised until a business combination event or at least 12 months after the public listing of SPACs. See, Angela Veal, "SPAC Warrants: 8 Frequently Asked Questions" (17 May 2021), *https://www.eisneramper.com/spac-warrants-faqs-0421/*.
[12] Ramey Layne, Brenda Lenahan and Sarah Morgan, "Update on special purpose acquisition companies" Harvard Law School Forum on Corporate Governance (17 August 2020), *https://corpgov.law.harvard.edu/2020/08/17/update-on-special-purpose-acquisition-companies/*.
[13] Ortenca Aliaj, Sujeet Indap, and Miles Kruppa, "The Spac sponsor bonanza" (*Financial Times*, 13 November 2020), *https://www.ft.com/content/9b481c63-f9b4-4226-a639-238f9fae4dfc*.
[14] Promoter shares are usually issued as separate "Class B" shares which will convert into SPAC shares during the de-SPAC process. This provides an incentive for promoters to find target companies and complete the de-SPAC transaction successfully.
[15] This refers to the typical rules in the US, and the maximum period of time might vary across different countries' SPAC regimes.
[16] D. Bernstein, "SPACS: A Guide for Management" (MBP, 19 October 2020), *https://crm.marcumbp.com/china-accounting-insights/spacs-guide-for-management*.

is, the de-SPAC transaction. The de-SPAC process is akin to that of a public company acquisition. According to the SEC's proxy rules, SPACs, as an acquirer, will have to obtain shareholders' approval once an initial business combination opportunity is identified.[17] Nonetheless, there is no need for the target company to meet the SEC's requirements regarding the voting rules. There are also provisions in the articles of most SPACs stipulating that original shareholders have to vote to approve the acquisition plan. During a normal M&A, if the acquirer's number of stocks included in the purchase consideration does not exceed 20% of the total issued shares of the acquirer, the US regulation does not require the acquirer's shareholders to vote for approval.[18] In contrast, as for a SPAC acquisition, approval from the majority of the acquirer's shareholder is needed. Before shareholders vote for the acquisition, the ins and outs to be disclosed include the decision-making process, the financing channels, and the transaction contracts of the M&A deal. It is necessary to introduce the financial situation and business operation of the target company to the shareholders in the period after the acquisition announcement date. All the details being disclosed will be incorporated into the document named Sch.14A. In terms of false statement, the US Supreme Court has long granted shareholders the right to sue the issuers for compensation.[19] In other words, there is a possibility of incurring shareholder's class actions at this stage. Apart from the detailed information presented in Sch.14A, there are extra information disclosure rules during the de-SPAC process. For listed companies to execute major acquisitions, the US legislation requires the company to make the current report and issue Form 8-K.[20] However, unlike the 8-K issued by ordinarily listed companies, the SEC requires SPACs to file a special Form 8-K that must possess all the information equivalent to that being required in a Form 10 registration statement. SPAC sponsors need to conduct extensive due diligence and accept the SEC's review of the disclosure documents. Due to the stricter information disclosure requirements, this Form 8-K is known as "Super 8-K".[21] Therefore, the level of information transparency in SPAC listings is at least equivalent to that of an ordinary IPO. The whole process ends with the proxy vote in which shareholders vote for or against the acquisition proposal. The original shareholders of SPACs have the right to approve the acquisition transaction as well as have the redemption right before the acquisition, and most of the funds raised by SPACs will be deposited in a third-party trust account.[22] All these additional protection measures help to prevent frauds in the SPAC listings in an effective way.[23] During the de-SPAC transaction, sponsors shall try to avoid the application of liability provisions under securities law, such as providing any untrue statements of fact or material omissions of fact within registration statements.[24] Finally, if shareholders vote to pass the resolution of the acquisition plan, SPACs will merge with the target companies and it takes three to five months to complete the whole combination process. The new combined entity will continue to trade under the name of target companies with a change in the ticker symbol. At this stage, SPACs will complete their mission when the de-SPAC transaction completes.

The motivations for Singapore to become an international SPAC hub

It makes sense for Singapore to become Asia's SPAC hub for multiple reasons. Firstly, according to a recent survey by the Bank for International Settlements, the capital inflow to China and several emerging Asian nations has recovered faster than the rest of the world after the outbreak of the COVID-19 pandemic, creating a demand for a local financing infrastructure that can handle innovative investments like SPACs.[25] Secondly, Singapore is already a leading international financial centre, and revising the Singapore bourse's listing rules will strengthen that status. The Global Financial Centres Index ranked Singapore as the world's 4th largest financial centre which is just behind New York, London, and Hong Kong.[26] The Monetary Authority of Singapore (MAS) has made one of its key tasks to grow Singapore as a regional and international financial centre.[27] Thirdly, Singapore's SPAC listing regime could meet the financing demands from fast-growing tech businesses in the region. Asia is now home to a large number of technological corporations and fintech firms such as Ant Group (Alipay).[28] Asian unicorn companies have been facing greater market uncertainty at the moment, so some would prefer an alternative listing venue to the US Amidst the

[17] R. Dinu, "De-SPAC Process—Shareholder Approval, Founder Vote Requirements, and Redemption Offer" (GigCapital, 27 December 2019), *https://www.gigcapitalglobal.com/de-spac-process-shareholder-approval-founder-vote-requirements-and-redemption-offer/*.

[18] Nasdaq Rule 5635; NYSE American Company Guide, ss.711, 712, and 713.

[19] *JI Case CO. v Borak* 377 U.S. 426, 1964.

[20] SEC, "Principles for Ongoing Disclosure and Material Development Reporting by Listed Entities", *https://www.sec.gov/about/offices/oia/oia_corpfin/princdisclos.pdf*.

[21] Ramey Layne and Brenda Lenahan, "Special Purpose Acquisition Companies: An Introduction", *Harvard Law School Forum on Corporate Governance* (Harvard University, 6 July 2018), *https://corpgov.law.harvard.edu/2018/07/06/special-purpose-acquisition-companies-an-introduction/*.

[22] Due to the existence of redemption rights, the final available cash to complete the De-SPAC will be uncertain, and SPAC sponsors will invite PIPE investors to subscribe for new shares in SPACs (often at the IPO price) to supplement the cash reserve.

[23] Riemer Daniel S, "Special purpose acquisition companies: SPAC and SPAN, or Blank Check Redux" (2007) 85 *Washington University Law Review* 931.

[24] The Securities Act of 1933 (US), s.11.

[25] Bank for International Settlements (BIS), "Changing Patterns of Capital Flows (May 2021)", *https://www.bis.org/publ/cgfs66.pdf*.

[26] Mike Wardle and Professor Michael Mainelli, "Global Financial Centres Index" (GFCI), (Long Finance, 2021), *https://www.longfinance.net/media/documents/GFCI_30_Report_2021.09.24_v1.0.pdf*.

[27] Monetary Authority of Singapore (MAS), "Development", *https://www.mas.gov.sg/development*.

[28] Lerong Lu and Alice Lingsheng Zhang, "Regulating fintech corporations amidst Covid-19 pandemic: an analysis of Ant Group (Alipay)'s suspension of IPO and business restructuring" (2021) 42 *Company Lawyer* 341.

US-China trade war. Chinese tech giants, including TikTok, have been relocating parts of their businesses to Singapore, to avoid the unpredictability of international operations and overseas listings.[29] As for local tech titans in Singapore, like Grab and PropertyGuru, they have chosen to go public in the US by merging with listed SPACs in New York, without a feasible listing option at home.[30] Last but not least, Singaporean investors, especially high-net-worth individuals (HNWIs) and family offices, are calling for new asset classes such as SPACs to satisfy their increasing need for asset diversification and appreciation. In 2020, Singapore had 3,732 ultra-high-net-worth individuals with a net wealth of at least $30 million and the number is estimated to rise to 4,888 in 2025.[31] Moreover, billionaires in the Western countries like James Dyson, Sergey Brin, and Ray Dalio have planned to set up their family offices in Singapore.[32] Therefore, Singapore SPACs would be a favourable investment target for such investors with a deep pocket.

A summary of key points of Singapore Exchange's SPAC listing framework

The SGX SPAC listing framework consists mainly of two parts. The major one lies in the SGX Mainboard Rules, especially Rule 210 (11), which constructs the basic framework covering the whole lifecycle of Singapore SPACs, from the initial requirement about the minimum market capitalisation of SPACs, to the last stage of SPACs like the business combination, liquidation, and delisting.[33] The additional regulations can be found in Rules 625, 626, and 754, which refer to a series of specific requirements and obligations for SPAC listings on the exchange.[34] Despite being a novel listing method, SPACs achieve similar functions as traditional IPOs, so both regimes are subject to the same securities regulations, in particular, those protecting the public. The Singapore SPAC listing rules cover five areas:

First of all, the new SPAC listing regime has carefully designed the admission threshold and liquidity guarantee, which facilitates the quality and strength of the business combination in the de-SPAC process. It also affects the liquidity of the investment and the willingness of public shareholders, especially retail shareholders, to participate. Accordingly, the Singapore Exchange set S$150 million as the minimum market capitalisation for SPACs, with no fewer than 300 public shareholders holding at least 25% of issued shares, and with at least S$5 value per unit initially issued.[35] It should be noted that 500 public shareholders are required after the business combination under the existing Mainboard listing Rule 210(1)(a).[36]

Secondly, the SGX has made a well-balanced interests binding mechanism that focuses on providing sufficient investor protection. In response to public comments that Singapore SPACs should be open only to accredited or institutional investors, the regulator compromised by requiring a close relationship between the sponsors' interests and those of public shareholders, in order to avoid free-riding by issuers and excessive dilution of long-term investor interests. The sponsors and the management team must, in aggregate, subscribe to a minimum amount of equity securities, such as 3.5%, 3.0%, or 2.5%, depending on the varying standards of market capitalisation.[37] There is also a cap of 20% of the issued on the SPAC sponsors that do not make an equity contribution equivalent to that of public shareholders.[38] Finally, there is a moratorium of six months after consummation of the business combination when a SPAC initially acquires the target operating business or asset.[39]

Thirdly, as for money escrowed, the issuer must place at least 90% of the gross funds raised from its IPO in an escrow account opened with and operated by an independent agent, which must be a financial institution licensed by the Monetary Authority of Singapore.[40] Moreover, the funds will need to be stored in an escrow account at all times until the termination of account.[41] The conversion of any warrants or other convertible securities shall be limited to 50% of the dilution cap under Rule 210(11)(k).[42]

Fourthly, regarding the voting right arrangements, the new rules have addressed three fundamental issues: voter eligibility, voting rights, and voting exit. As for voter eligibility, there is an issue over whether to allow sponsors to vote in the process of deciding the business combination, due to concerns about securities fraud and the independence of decisions on the target's proposal. Regulators agreed to allow all shareholders, including founding sponsors, to vote on the business combination, but founding sponsors must waive their right to participate

[29] Stephanie Findlay and Mercedes Ruehl, "ByteDance embarks on hiring spree in Singapore" (*The Financial Times*, 18 March 2021), *https://www.ft.com/content/0a967260-a931-41bd-9937-e56102e7dfbe*.
[30] Resty Woro Yuniar and Kok Xinghui, "Tech titans Grab, Traveloka, PropertyGuru eye US listings via SPAC merger—but what of Asia's bourses?" (*South China Morning Post*, 17 April 2021), *https://www.scmp.com/week-asia/economics/article/3129884/tech-titans-grab-traveloka-propertyguru-eye-us-listings-spac*.
[31] 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/*.
[32] Katie Warren, "James Dyson, the billionaire famous for buying Singapore's most expensive penthouse in 2019, has moved back to the UK" (*Business Insider*, 22 April 2021), *https://www.businessinsider.com/billionaire-james-dyson-leaving-singapore-back-to-uk-2021-4?r=US&IR=T*.
[33] SGX Mainboard Listing Rules, Rule 210(11).
[34] SGX Mainboard Listing Rules, Rules 625, 626, and 754. Detailed changes to the former listing rules also include Rules 608 (Introductory Document), 883A (Share Buy-Back Approval), 1305, 1308 (Delisting), and 1404 (Appeals Committee).
[35] SGX Mainboard Listing Rules, Rule 210(11)(d).
[36] SGX Mainboard Listing Rules, Rule 210(1)(a).
[37] SGX Mainboard Listing Rules, Rule 210(11)(e).
[38] SGX Mainboard Listing Rules, Rule 210(11)(f).
[39] SGX Mainboard Listing Rules, Rule 229(1)–(4).
[40] SGX Mainboard Listing Rules, Rule 210(11)(i)(i).
[41] SGX Mainboard Listing Rules, Rule 210(11)(i)(v).
[42] SGX Mainboard Listing Rules, Rule 210(11)(k).

in the liquidation and distribution of all equity securities owned or acquired by them prior to or during the IPO.[43] As for exercising voting rights, any resolution must gain at least 75% of votes cast by all shareholders or of independent shareholders (not including founding sponsors, management, or their associates); if the remaining 25% of shareholders oppose the proposal, they can force the company to redeem their shares.

Finally, when it comes to business resolutions, we know that there are two common exit strategies at the end of a SPAC's lifecycle: combination or liquidation. SPACs are created to raise funds, go public, and acquire and merge with a target. In Singapore, the issuer must complete a merger approved by at least 50% of its shareholders, within 24 months from the date of the listing and not later than 36 months.[44] Under Rule 754(3), the issuer must provide quarterly updates on how the SPAC uses cash.[45] If the combined company triggers the delisting standards, the exchange will consider delisting the combined company in the best interests of the public.[46] If less than 50% of shareholder approve the proposed merger, the deal is not completed within the permitted time frame, or the exchange orders delisting, the SPAC must liquidate.

Key benefits of Singapore's SPAC model

International financial centres like New York, London, and Hong Kong have competed to reform their listing rules to house more SPACs and to attract the inflow of more global capital. Clearly, Singapore's SPAC model has its own advantages as it could help the city maintain its status as a key financial hub and regional finance centre for tech corporations. For example, the Singaporean regulators have spent efforts on designing a more balanced regime that could potentially work for various parties including investors and sponsors. The US Securities and Exchange Commission has recently warned investors not to take part in SPAC investments simply following the celebrity effect.[47] The SGX has not sent a similar message to investors that could restrict the scope of potential sponsors to exclude movie stars, athletes, and singers who might be capable of attracting large sums of money invested into Singaporean SPACs. However, to avoid the potential misrepresentations, securities frauds, and other issues harming investor interests, the SGX has made an 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.

Furthermore, the new SPAC model could help Singapore stock market gain increasing liquidity. Clearly, a well-designed SPAC regime could made SGX an attractive venue for relevant parties in Asia and globally to launch their investment vehicles and complete business combinations. Besides, Singapore state-owned investment firm Temasek Holdings has been supporting some of its portfolio companies for a trial listing via local SPAC. The endorsement from the prestigious Temasek is likely to boost market confidence in homegrown SPACs, which lures more international investors and tech startups to come to Singapore. In addition, Singapore has tried to offer local tech giants an option of floating shares at home. In recent years, Singapore has witnessed the listing immigration of four successful Singaporean unicorns (Grab, Sea, Lazada, and Razer) with a combined market value of US$20 billion which sought a listing at either NYSE or NASDAQ.[48] Thus, the new regime could attract the listing of Asian high-tech unicorns back from the US stock markets.

Conclusion

In September 2021, the Singapore Exchange successfully launched the SPAC listing regime on its mainboard. It is a milestone event in Asian capital markets for Singapore has become the first major bourse in Asia to fully embrace the listing of blank-check companies. Singapore aims to keep pace with the latest developments of securities market practices in the US. This could cement the city state's status as a leading international financial centre, for Singapore's SPAC model provides Asia's booming technology industries with extra financing options at home whilst offering additional asset diversification opportunities to international investors. Although Singapore's SPAC model is generally well-designed, before Singapore can become an international SPAC hub, regulators must carefully consider how to ensure sufficient liquidity or trading volume for the shares of de-SPAC entities. Otherwise, global investors might not be happy to create SPACs in the city state's territory, no matter how attractive the listing standards are. As China accelerates the creation of its RMB onshore market (e.g. QFII) and offshore market (e.g. Hong Kong Bond Connect Scheme), Singapore is expected to encounter intense regional competition in capital markets financing. Despite Singapore's sound legal system, market dynamism, and moderate regulation, it still has a long way to go.

[43] SGX Mainboard Listing Rules, Rule 210(11)(n)(iii).
[44] SGX Mainboard Listing Rules, Rule 210(11)(m)(i).
[45] SGX Mainboard Listing Rules, Rule 754(3).
[46] SGX Mainboard Listing Rules, Rule 210(11)(o) and/or (p).
[47] The US Securities and Exchange Commission, "Celebrity Involvement with SPACs — Investor Alert (March 10, 2021)", *https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-alerts/celebrity*.
[48] Singapore Business Review, "Which Singaporean Companies Will Reach Unicorn Status In 2019?" (Magzter, Jan–Mar 2019), *https://www.magzter.com/stories/Business/Singapore-Business-Review/Which-Singaporean-Companies-Will-Reach-Unicorn-Status-In-2019*.