

MORROW SODALI LEADS IN SPAC MARKET SHARE AS SPAC MERGER LISTINGS SURGE

NEW YORK– November 23, 2020: Special purpose acquisition companies (SPACs) have enjoyed a surge in popularity in the US this year, with 183 public listings raising a total of \$66 billion to date, more than the previous five years combined. At the same time, a seismic shift within the market is leading to increasingly complex transactions, posing new challenges for dealmakers as they navigate the intricate regulatory and securities exchange requirements of the SPAC lifecycle as well as the recent mass invasion of retail shareholders into some of the most popular SPACs. This has resulted in soaring demand for the services of the SPAC specialists at Morrow Sodali, the global corporate advisory firm that handles the large majority of SPAC deals and leads the market for specialized SPAC and post-SPAC services. On the strength of its leading position in SPAC M&A, Morrow Sodali was ranked number one by [The Deal's League Tables for M&A Proxy and Information Agents](#) across all transactions for the period of January through September 2020.

[Kevin Kelly](#), Senior Director at Morrow Sodali, says the firm has acted as [proxy solicitors](#) for the vast majority of the SPACs launched over the past 15 years, and they have witnessed considerable changes in the environment in that time.

"When we first became involved in SPACs in 2005, it was not a significant market, it was for lower cap companies, and the SPAC market wasn't well funded or well known," says Kelly. "That has really changed, especially this year. The market is very hot, and in the United States approximately 50% of the IPOs are now via SPACs."

Another significant recent development is the rapid rise of the retail investor, which Kelly says has fundamentally transformed the shareholder profiles of SPACs. "Traditionally they were closely held by hedge funds, with only 3-7% of the shareholder base comprised of retail shareholders," says Kelly. "In today's SPACs, however, the retail ownership can be closer to 50% for the most popular SPACs. This presents new challenges for dealmakers because the retail vote is historically the most difficult to secure. The days of the SPAC closely held by hedge funds and less complicated shareholder vote process are over. Our pre record date surveillance service has been extremely helpful to SPACs and their bankers to get a full picture of the shareholder profile before the record date.

[Ron Knox](#), Morrow Sodali's CEO, US, says the burgeoning market size and complexity has brought exponential growth in demand for the firm's [SPAC services](#). "There's a huge amount of money on the line with these transactions, and the vote process is a critical step towards ensuring success," says Knox. "SPACs are complex vehicles. They operate on very compressed timeframes and have narrow windows within which to act, so there's a strong incentive to get it done properly the first time."

"Having us on board enables our clients to make critical decisions with confidence that their deals will be successfully completed."

Morrow Sodali operates across 40 countries, delivering a wide range of advice and services relating to [corporate governance](#), [ESG sustainability](#), proxy solicitation, [capital markets intelligence](#), shareholder and [bondholder engagement](#), M&A, [activism and contested situations](#). As such, the firm is ideally placed to advise the public companies which emerge in the wake of successful SPACs and must then quickly adapt to the public market environment.

“There is a critical transitional period where we provide support to the post-SPAC management team in developing corporate governance policies, preparing for the first annual shareholders’ meeting, and undertaking capital market transactions such as warrant exchanges or tender offers,” Knox notes. [Gerry Davis](#), who runs Morrow Sodali’s Capital Markets Intelligence group added, “And through our capital market intelligence services we help them analyze the implications of ownership changes as the initial investors rotate out of the SPAC and new ones take positions in the new public company.”

Kelly says that given the highly complex nature of SPACs, it’s no surprise that many put their trust in Morrow Sodali to ensure a smooth transaction. Kelly has personally worked on hundreds of SPAC meetings, giving him a unique depth of understanding of these transactions.

“SPACs come and go, but we have good long-term relationships with the law firms and banks behind them. They’ve worked with us before, so they know they can rely on us to get the job done.”

ABOUT MORROW SODALI

Morrow Sodali is a leading provider of strategic advice and shareholder services to corporate clients around the world. The firm provides corporate boards and executives with strategic advice and services relating to corporate governance, shareholder and bondholder communication and engagement, capital markets intelligence, proxy solicitation, shareholder activism and mergers and acquisitions.

From headquarters in New York and London, and offices and partners in major capital markets, Morrow Sodali serves more than 700 corporate clients in 40 countries, including many of the world’s largest multinational corporations. In addition to listed and private companies, its clients include mutual funds, ETFs, stock exchanges and membership associations.

For further information about Morrow Sodali, please <https://www.morrowsodali.com>.

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