EXPLORING CAPITAL MARKETS OPTIONS

There are different options available for companies that are preparing to enter the capital markets. Increasingly, Special Purpose Acquisition Companies, commonly known as SPACs, are seen as an attractive alternative to a traditional initial public offering (IPO). But is a SPAC merger right for your company?

SPAC

AN ACQUISITION-BASED EVENT IN WHICH CAPITAL RAISED FROM SPAC INVESTORS IS USED TO LEGALLY ACQUIRE OR MERGE WITH AN EXISTING PRIVATE OPERATING COMPANY.

$3 BILLION
Total amount raised by 15 SPACs in Q1 2019

46 TOTAL
46 SPACS in 2018, the most since 2007 in terms of deal amount and activity

VS

IPO

A CAPITAL-RAISING EVENT IN WHICH NEW SHARES OF A PRIVATE COMPANY ARE OFFERED PUBLICLY FOR PROCEEDS.

$38 BILLION
Total amount raised by 127 IPOs in Q2 2019

4 YEAR HIGH
4 year high reached in Q2 for level of IPO activity

TIMING

Must be completed within a defined time (usually 18 or 24 months) or the SPAC investors can redeem their original investment.

Driven by market conditions and organizational readiness. With no defined timing, going public can last from a few months to many years.

MARKETING

No marketing roadshow of the private operating company occurs; the shareholder vote demonstrates marketability.

Underwriters market new shares through testing the waters and pre-trading roadshows to generate investor interest.

COMPLIANCE

More legal reporting obligations and sometimes fewer financial reporting accommodations in the Registration Statement.

Nature and extent of financial reporting obligations varies based on circumstances.

COST

No heavy underwriting or roadshow costs to market the private operating company.

Underwriters and roadshow costs are more burdensome but absorbed by offering proceeds.

Your owners, sponsors, founders, or other stakeholders may be considering a SPAC merger or traditional IPO. Under either capital markets path, management teams must understand how to get ready. Riveron helps companies navigate the various challenges and pitfalls of both SPAC mergers and traditional IPOs.

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