



Nasdaq Nordic Main Market Q&A on SPAC listings

Questions and Answers on the admission requirements, the admission process and disclosure requirements for SPACs and the Business Combination

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1 | Introduction

This Q&A seeks to facilitate the understanding of the Nasdaq Nordic Main Market (“Main Market”) admission requirements (“Admission Requirements”), admission process and disclosure requirements in relation to the listing of a Special Purpose Acquisition Company (“SPAC”) and the subsequent continued listing of a new entity consisting of the SPAC and one or several target company(ies) (the “Business Combination”). This Q&A supplements the rules and guidance text set out in the Nordic Main Market Rulebook for Issuers of Shares as applicable from time to time (the “Rulebook”). Similar to the guidance text set out in the Rulebook, the Q&A is not binding and represents Nasdaq Nordic’s (the “Exchange”) interpretation of current practice.

The Q&A should be read in conjunction with the Rulebook and may be subject to change at short notice. For the latest version of the Q&A, please refer to Nasdaq Nordic Main Market’s website at www.nasdaq.com/solutions/european-rules-and-regulations. Please note that specific local practices and procedures may apply.

Definitions set out in the Rulebook shall apply in this Q&A unless explicitly stated.

2 | Admission requirements and process – The Exchange's review of the SPAC

The process/admission requirements

2.1 Is the SPAC listing process on Nasdaq Stockholm's Main Market different from the ordinary listing process?

The Admission Requirements in rule 2.7 regarding historical financial information of the Issuer and rule 2.8 regarding business operations and operating history of the Issuer are not applicable for the SPAC. The SPAC will at the time of listing in many aspects be an empty shell with very limited business operations. As such, both the SPAC's process of preparing documentation in conjunction with the listing and the Exchange Auditor's review is expected to be less time-consuming than in a non-SPAC listing process. This indicates that the SPAC listing process may be faster than the ordinary listing process.

Other than the above there are no differences to the process e.g. it will include a startup meeting, the Exchange Auditor's review as well as the Listing Committee's meeting for approval and the SPAC must satisfy all Admission Requirements with the exception of rules 2.7 and rule 2.8.

2.2 Is the SPAC listing process on Nasdaq Copenhagen and Nasdaq Helsinki's Main Market different from the ordinary listing process?

No, the ordinary listing process applies to SPAC listings, subject to rule 2.7 regarding historical financial information of the Issuer and rule 2.8 regarding business operations and operating history of the Issuer not being applicable for the SPAC.

2.3 What level of free float is the SPAC required to have at listing?

The SPAC should, as a general rule, meet the 25% free float threshold as specified in rule 2.13.2¹. Exemptions may however be granted based on a reasoned, written submission in accordance with rule 2.13.3².

2.4 Which information does the Exchange expect to find in a SPAC Prospectus?

SPACs are a relatively new investment form in Europe and full transparency in a SPAC's prospectus is therefore of the utmost importance so that investors understand the structure and risks involved. The Exchange expects SPACs at a minimum to include in their prospectus the information set out in ESMA's public statement of 15 July 2021 (https://www.esma.europa.eu/sites/default/files/library/esma32-384-5209_esma_public_statement_spacs.pdf).

¹ See rule 2.13.1b in the Finnish version of the rulebook.

² See rule 2.13.2 in the Finnish version of the rulebook. Additional local provision of Nasdaq Helsinki, see rule 1.4 and Part B – Waivers (1.4.4.) of the rulebook.

This means that even if minimum requirements, as applicable, set out in the EU Prospectus Regulation could be satisfied with less extensive information the Issuer should opt for a more extensive description.

[2.5 Can SPACs be admitted for official listing \(Nasdaq Copenhagen\)?](#)

No, since a SPAC is an issuer in a temporary form Nasdaq Copenhagen will not admit a SPAC for official listing. When the Business Acquisition applies for admission to trading, the issuer may also apply for official listing. For more general information on official listing requirements, please see the Danish executive order no. 1170 dated October 31, 2017.

[2.6 Is the SPAC allowed to invest the proceeds from the initial public offering?](#)

In accordance with rule 2.18.2 in the Rulebook, at least 90% of the gross proceeds from the initial public offering and any other sale by the Issuer of equity securities must be deposited in a blocked bank account. The starting point under the rule is that proceeds are held in cash, with some interest payable (this may be negative interest, depending on prevailing market conditions). The aim of the rule is to safeguard the proceeds by (1) removing these from the control of the SPAC until such time as a de-SPAC transaction is entered into; and (2) holding them in a low risk vehicle while allowing for some modest amount of interest.

However, the provision does not prevent the SPAC from instructing the bank to invest the deposited funds in assets that hold a lower or equivalent risk to cash. In this context, credit, liquidity and market risk should at least be considered. Furthermore, the interest rate at the time of investment must be higher or at least the same as the interest rate achievable if the proceeds were instead held in cash at the bank. If these requirements regarding risk and interest rate are met the funds may be invested in such assets, provided that:

- the account is still blocked for withdrawals in accordance with the requirement in rule 2.18.2 in the Rulebook;
- the liquidity of the assets the deposited funds are invested in allows for the SPAC to use the funds at short notice for a business combination or shareholder redemption in accordance with rules 2.18.3 and 2.18.7 in the Rulebook; and
- the investors and other relevant stakeholders are informed by the SPAC about the investment of the proceeds.

To date, Nasdaq Stockholm has received a question regarding investment of SPAC IPO proceeds in Swedish government bonds with short maturity. If the above requirements are fulfilled such an investment is possible.

3 | Information to the market – The SPAC's disclosures to the market

Information regarding a new Business Combination

3.1 Which information must be disclosed to the market in relation to a proposed Business Combination, prior to the release of the Prospectus or Information Memorandum

The Exchange's view is that a disclosure regarding the Business Combination should be released in accordance with the applicable regulations in MAR and the Rulebook and that this also includes information about the redemption process, the terms and the approval process by the general meeting, and the fact that the SPAC must initiate a new admission process at the Exchange. The disclosed information shall enable complete, correct and timely assessment of the Business Combination and potential consequences, such as potential risks. The Exchange may require additional information to be disclosed to ensure fair and orderly trading and a reliable price formation process of the Share of the SPAC.

4 | Admission requirements and process – The Exchange's review of the Business Combination

The admission process

4.1 What is the timeline and the different steps of the admission of the Business Combination in relation to the Exchange?

In accordance with rule 2.18.6 in the Rulebook, when the SPAC has identified a proposed Business Combination, the SPAC must notify the Exchange prior to the disclosure of such Business Combination to the public. The timing of notification to the Exchange shall be “as soon as possible”, according to the rule. The Exchange interprets this to mean as soon as the SPAC considers the proposed Business Combination to constitute inside information, i.e. the SPAC shall, as soon as the SPAC has opened an insider register and decided on delayed disclosure with respect to the proposed Business Combination, inform the Exchange about the proposed Business Combination. The intention behind rule 2.18.6 is to allow the Exchange to monitor the trading in the Shares of the SPAC to detect possible inside trading or information leaks.

It is the SPAC's responsibility to manage its legal responsibility to disclose inside information to the public. The disclosure to the public of the proposed Business Combination shall be made in accordance with the applicable regulations in MAR and the Rulebook. The disclosed information shall enable complete, correct and timely assessment of the Business Combination and shall include the information described in item 3.1 above. When the proposed Business Combination has been disclosed to the public, the SPAC's financial instruments will receive observation status. Observation status is used as a tool to highlight to the market that there is a significant change occurring within the SPAC.

According to rule 2.18.8 of the Rulebook, the SPAC must initiate a new admission process as soon as possible after the SPAC has entered into definitive documentation relating to a Business Combination. This rule means that it is a precondition to being permitted by the Exchange to initiate a new admission process that definitive documentation, i.e. a signed purchase agreement, relating to the Business Combination has been entered into. The Exchange will not initiate an admission process related to a potential Business Combination without such definitive signed documentation first being in place.

The new admission process is run in the same way as for any new company seeking admission to trading, i.e. a full review is performed to establish that the Business Combination meets all Admission Requirements (note that exemptions from financial and operating history applicable for SPACs are not applicable to the Business Combination). There are no exemptions concerning the Admission Requirements, the scope of the Exchange's review or the Exchange's decision-making process. As such, it is expected that the review and approval of the Business Combina-

tion will take a similar amount of time to perform as a normal admission process. As far as possible, the Exchange intends to appoint the same Exchange Auditor as in the initial listing process of the SPAC to make the admission process as efficient as possible (though the focus of this review will be the, new, Business Combination and how it meets the Admission Requirements). When the SPAC has demonstrated that the Business Combination satisfies (or will satisfy – see further below) the Admission Requirements, the Listing Committee/Exchange will approve the SPAC (henceforth referred to as the “Issuer”) for continued listing subject to certain criteria being met. These criteria include the approval of the Business Combination by the general meeting of the SPAC and that all Admission Requirements must be satisfied by the latest at the closing of the Business Combination transaction.

When the Issuer can show that all Admission Requirements have been met and the Business Combination completed, the Exchange will remove the observation status and move the Issuer from the SPAC trading segment to the normal trading segment.

4.2 Which documents must the Business Combination disclose before receiving the Exchange's approval to be listed?

Considering that the Issuer's Shares are already admitted to trading on Nasdaq, the Exchange will interpret the Admission Requirement in rule 2.6 (Prospectus) such that a prospectus will only be required by the Exchange in connection with the Business Combination, if required by the EU Prospectus Regulation. The same principle applies if the SPAC opts to seek admission to trading of the Business Combination on Nasdaq First North Growth Market (ref. Nasdaq First North rule-book, rule 3.4).

If no prospectus is required, the Issuer shall prepare an information brochure (the "Information Memorandum" in case of admission to trading on Main Market, the "Company Description" in case of admission to trading on Nasdaq First North Growth Market) that sets out sufficient information with respect to the Business Combination in order to enable the shareholders to make an informed decision as to whether they will approve the Business Combination at the general meeting of the Issuer. The Information Memorandum shall be included in the Business Combination's application for continued trading of its Shares on Nasdaq Stockholm, Nasdaq Helsinki or Nasdaq Copenhagen, as applicable, and is subject to review and comments by the Exchange Auditor, as applicable, and the Exchange. The same applies in relation to a Company Description for admission to trading on Nasdaq First North Growth Market.

The above guidance should be read in conjunction with ESMA's public statement of 15 July 2021 (https://www.esma.europa.eu/sites/default/files/library/esma32-384-5209_esma_public_statement_spacs.pdf), item 6 which provides the following:

Additionally, NCAs should ensure that prospectuses (i.e. the prospectus prepared by a SPAC at time of listing) contain a detailed description of the disclosure that the issuer will provide to the shareholders' meeting about the target company and

the ensuing business combination, especially if it is possible that no approved prospectus will be presented to investors concerning the business combination. Such disclosure will enable investors to assess whether they are comfortable with the level of disclosure that will be provided in relation to the business combination in the future. In that regard, NCAs should ensure that SPACs provide investors with, in relation to the business combination, a level of disclosure similar to that included in an approved prospectus.

4.3 In the guidance text to rule 2.15.2 it is stated that the Exchange will consider the members of the Board of Directors and the management to fulfill the requirements in the rule if: (1) they have been active in their respective current positions in the Issuer for a period of at least three months; and (2) they have participated in the production of at least one annual or other financial report issued by the Issuer, prior to the admission to trading. Is this applicable to all members of the Board of Directors and management of the SPAC and the Business Combination respectively?

In respect of the SPAC the Exchange will consider the members of the Board of Directors and the management to fulfill the requirements in the rule if they are active in and, as applicable, formally registered in, their respective positions by the latest when the SPAC initiates the admission process at the Exchange. The Exchange deems it important that the Board of Directors and the management of the SPAC are involved in the admission process in its entirety.

The members of the Board of Directors and the management of the combined business shall satisfy the three-month requirement mentioned in the guidance text to rule 2.15.2. However, as the Exchange reviews the Business Combination as a whole, the members of the Board of Directors and the management may satisfy the requirement by having been active in their respective positions either in the SPAC or in the acquired company for a period of at least three months.

4.4 Can a SPAC decide to change from the Main Market to the Nasdaq First North Growth Market?

The SPAC will be listed on the Nasdaq Main Market in a separate SPAC segment. The SPAC can apply for admission to trading of the Business Combination on Nasdaq First North Growth Market or Nasdaq Main Market. This has to be clearly communicated to the market including, if the SPAC applies for admission to trading on Nasdaq First North Growth Market, a description of the relevant differences between being listed on a regulated market and on a MTF-platform.

Nasdaq will then work with the SPAC and the Business Combination to ensure the appropriate listing process is provided and the applicable admission requirements are met.

Assuming the Business Combination is approved for Nasdaq First North Growth Market then the SPAC will be delisted from the Main Market at closing and the Issuer be traded on the Nasdaq First North Growth Market thereafter.

4.5 How does the Exchange assess “fair market value”, as set out in rule 2.18.3?

Rule 2.18.3 requires the following:

Within 36 months of the date of admission to trading, or such shorter period that the Issuer specifies in its prospectus, the Issuer must complete one or more business combinations having an aggregate fair market value of at least 80 per cent of the value of the deposit account (excluding any deferred underwriters fees and taxes payable on the income earned on the deposit account) at the time of the agreement to enter into the initial combination.

As a starting point, “fair market value” is assessed as the price paid by the SPAC for the target company. If the purchase price paid exceeds the 80% threshold then the requirement in 2.18.3 is deemed to be met.

However, there may be circumstances where the purchase price a SPAC pays is lower than the 80% threshold in rule 2.18.3. In such cases, the SPAC shall demonstrate to the Exchange that the fair market value of the target nonetheless meets or exceeds the 80% threshold. This may, for example, be achieved on the basis of a written third-party evaluation of the target company, which is submitted to the Exchange.

5 | Redemption of shares

Persons/legal entities eligible to redeem their Shares in the SPAC

5.1 Are all investors eligible to request redemption?

Rule 2.18.7 has as its starting point that all of the SPAC's shareholders shall be provided with the opportunity to redeem all their Shares.

However, as specified in rule 2.18.7 the right to redeem Shares does not apply to:

- a) Members of the board of directors of the SPAC;
- b) Management of the SPAC;
- c) Founding shareholders of the SPAC;
- d) A spouse or co-habitee of any person referred to in subsections a-c above;
- e) A person who is under custody of any person referred to in subsections a-c above; or
- f) A legal person over which any person referred to in subsections a-e above, alone or together with any other person referred to therein, exercises a controlling influence.

Furthermore, the SPAC may opt to set a further limit on redemption of Shares (see second sentence of rule 2.18.7). Note that, in contrast to the restricted categories in a-f above, further redemption limitations by the SPAC are at the SPAC's discretion. However, any further limit on redemption is severely restricted so that it may only affect the very largest shareholders (leaving unchanged the principle that ordinary shareholders should be able to redeem all their Shares). The potential limit foreseen in the second sentence of rule 2.18.7 may be set no lower than 10% of the Issuer's total share capital, which means that an individual shareholder (including closely-related parties) owning more than 10% of the total share capital in the SPAC may be restricted from redeeming shares that exceed the 10% share capital threshold. For example:

- SPAC opts to set 10% share capital redemption threshold.
- Any individual shareholder owning Shares in the SPAC representing less than 10% of the SPAC's total share capital is unaffected by the above and has the right to redeem all their shares.
- Party A (including Party A's closely-related parties) owns Shares in the SPAC representing 13% of the total share capital of the SPAC.
- Party A (including Party A's closely-related parties) may redeem Shares representing up to 10% of the SPAC's share capital. The remaining Shares – representing 3% of the SPAC's share capital – may not be redeemed.

5.2 Does rule 2.18.7 entail that the Board of Directors, management and founding shareholders of the SPAC are always prevented from redeeming their Shares ("this right of conversion does not apply to...")?

Yes, as long as the SPAC is active. However, if the SPAC is placed into liquidation, for example because it has failed to enter into a Business Combination within 36 months of listing, then the restriction in rule 2.18.7 no longer applies. The individuals named in rule 2.18.7 would then be free to partake in a redemption process alongside all other shareholders. If such a potential outcome is envisaged when a SPAC is listed, it is important that this possibility is communicated transparently to all shareholders, notably in the Prospectus produced in connection with the admission to trading of the SPAC.

5.3 Does "Founding shareholders" in rule 2.18.7 refer to shareholders who are identified by the Prospectus produced in connection with the admission to trading of the SPAC?

Yes.

5.4 In relation to the shareholders being able to choose to redeem their Shares - should this right only apply in connection with an approval of a new Business Combination or does the option need to be open at all times until the acquisition(s) that reach the threshold is complete?

The redemption right should be open for a reasonable period of time. This is in order to afford shareholders a reasonable opportunity to exercise their redemption right if they so wish. It is acceptable to condition the right to apply for redemption of shares upon having voted against the Business Combination.

The Exchange expects the SPAC to be fully transparent about the redemption process, including any deadlines and conditions or requirements relevant to shareholders wanting to utilize their right to redeem their Shares.

6 | Miscellaneous

6.1 What is the process if the Exchange does not approve the Business Combination?

The SPAC may continue to be listed as such, as long as it has not exceeded the 36 month time limit set out in rule 2.18.3., but may not complete the Business Combination in question. The SPAC may search for a different Business Combination, or may also request delisting of its financial instruments.

6.2 How will the SPAC's financial instruments be traded between the SPAC's announcement of a proposed Business Combination and the admission to trading of the Business Combination?

The SPAC's financial instruments will be marked with observation status from the time of the announcement of the Business Combination. As such, trading will continue as usual but investors will be notified that a new admission process is underway.

6.3 Will the process of admission to trading of warrants and other financial instruments related to the SPAC be any different from what is the case in an ordinary listing process? Will there be any differences in how warrants and other financial instruments are traded once the SPAC is listed on the SPAC segment from how warrants and other financial instruments are traded on the ordinary segment?

No, the ordinary local listing rules will apply in relation to admission to trading of warrants and other financial instruments related to the SPAC and the ordinary local trading rules will apply once trading of warrants and/or other financial instruments related to the SPAC has commenced.

6.4 Can a financial institution that is financial advisor/bookrunner for the SPAC be considered independent from the SPAC according to rule 2.18.2 so that the SPAC may open the deposit account at that financial institution?

Yes, this is possible. "Independent" shall for the purpose of this rule mean that the financial institution must not be part of the same company group or in any other way be closely affiliated with the SPAC.

6.5 What if a SPAC decides to buy a business that reaches/exceeds the 80% value threshold in rule 2.18.3 but decides in whole or in part to use other funds to make the purchase, for example through a new share issue?

This is possible according to the rule, but it would be important that this potential outcome is clearly explained to investors from the outset so they understand the risk of, for example, new shareholders entering and diluting existing shareholdings.

6.6 What happens if the SPAC does not make a Business Combination within 36 months following the date of admission to trading (rule 2.18.3)?

The SPAC will be delisted – either upon application by the SPAC or unilaterally by the Exchange - since it will be considered no longer to meet the Admission Requirements.