



Offshore SPACs Listing on the London Stock Exchange

November 2021

Introduction

The recent announcement of Hambro Perks Acquisition Company Limited's IPO on the London Stock Exchange (the "LSE") signifies the first special purpose acquisition company ("SPAC") to list on the LSE since the changes to the Listing Rules, designed to make the LSE more attractive to SPACs, came into effect on 10 August 2021.

The Hambro Perks SPAC is a Guernsey company. Companies formed in Guernsey, Jersey, the Cayman Islands, the BVI and Bermuda ("Offshore") all have similar benefits making them attractive as SPACs for listing on the LSE, which are summarised below.

Changes to the Listing Rules

The changes came into effect on 10 August 2021 and bring the Listing Rules into line with the popular SPAC rules for the US markets, which have seen an unprecedented number of SPACs listed since the start of 2020. The updated Listing Rules are designed to encourage SPACs by allowing the trading of a SPAC's shares to continue once it had announced an intended acquisition, provided that certain investor protections are embedded in the SPAC. (These investor protections are dealt with further below.)

The Benefits of an Offshore company as the SPAC

Offshore companies are governed by very flexible corporate laws and are tax neutral. Offshore companies are therefore ideal as SPACs, both in relation to the IPO and as the company that is traded on the LSE, and then in relation to the "de-SPAC" transaction that occurs as part of the acquisition, which typically involves a merger. These benefits are summarised in the table below.



	Guernsey	Jersey	Cayman	BVI	Bermuda
Local regulatory approval to form SPAC?	Not required	Yes, Jersey companies registry consent required to form a SPAC; for the SPAC to circulate a "prospectus" (where the definition of a prospectus has recently been amended and is summarised here); and for the SPAC to issue warrants/certain other securities ¹	Not required	Not required	Yes - BMA consent required ²
Redeemable shares/warrants allowed?	Yes	Yes	Yes	Yes	Yes ³
Shares/warrants can be held in treasury	Yes	Yes	Yes	Yes	Yes ⁴
Shares can be traded through CREST?	Yes - in addition to UK exchanges, Guernsey companies can also list uncertificated shares on a number of non-UK stock exchanges	Yes - in addition to UK exchanges, Jersey companies can also list uncertificated shares on a number of non-UK stock exchanges	Depository interests may be traded through CREST	Depository interests may be traded through CREST	Depository interests may be traded through CREST
UK stamp duty reserve tax on sale of shares?	No - the share register must be maintained outside the UK	No - the share register must be maintained outside the UK	No - the share register must be maintained outside the UK	No - the share register must be maintained outside the UK	No - the share register must be maintained outside the UK
Tax neutral?	Yes – income tax for SPACs is 0%	Yes – income tax for SPACs is 0%	Yes – no local taxes	Yes – no local taxes	Yes – no local taxes
Withholding tax on dividends/distributions?	No ⁵	No	No	No	No
Merger/amalgamation possible?	Yes – local and cross-border	Yes – local and cross-border	Yes – local and cross-border	Yes – local and cross-border	Yes – local and cross-border

¹ Any "prospectus" will need approval from the Jersey Companies Registry. If the SPAC will be an AIF marketing into the UK, EU or EEA for the purposes of the AIFMD a certificate/ approvals will be required from the Jersey regulator

² BMA means the Bermuda Monetary Authority.

³ If authorised by the bye-laws or memorandum of the company.

⁴ If authorised by the bye-laws or memorandum of the company.

⁵ Withholding tax applies on dividends/distributions paid to Guernsey resident natural person



	Guernsey	Jersey	Cayman	BVI	Bermuda
Result of merger/ amalgamation?	Rights, property, business and liabilities of merging companies continue with the surviving company by operation of law	Rights, property, business and liabilities of merging companies continue with the surviving company by operation of law	Rights, property, business and liabilities of merging companies continue with the surviving company by operation of law	Rights, property, business and liabilities of merging companies continue with the surviving company by operation of law	Rights, property, business and liabilities of merging companies continue with the surviving company (or the amalgamated company, in the case of an amalgamation) by operation of law
Migration possible pre-acquisition?	Yes	Yes	Yes	Yes	Yes
Treasury shares allowed?	Yes	Yes	Yes	Yes	Yes ⁶
Financial assistance allowed?	Yes	Yes	Yes	Yes	Yes
Limitations on dividends, redemptions, buybacks and capital reductions?	Company must be solvent; no other limits	Company must be solvent; no other limits	Company must be solvent for redemptions and buybacks; dividends payable out of profits or (subject to solvency test) share premium	Company must be solvent; no other limits	Company must be solvent ⁷
Can become tax resident elsewhere?	Yes	Yes	Yes	Yes	Yes
Economic substance requirements apply?	Not whilst SPAC	Not whilst SPAC	Not whilst SPAC	Not whilst SPAC	Not whilst SPAC

Investor Protections

The newly adopted LSE rules allow trading of a SPAC's shares to continue, provided that the following investor protections are embedded in the SPAC (otherwise the trading suspension applies)⁸:

- Size threshold – aggregate gross cash proceeds of at least £100 million are raised from public shareholders (i.e. not founders, sponsors or directors) on IPO;
- Acquisition time limit – the SPAC must have a two year time limit to make an acquisition, with a shareholder option for a one-year extension and a further board option for a six-month extension (if, broadly, an acquisition has been approved, the approval meeting has been convened or announced or the acquisition is agreed but is yet to be approved);
- Ring-fenced proceeds - the money raised from public shareholders is adequately ring-fenced to ensure that IPO proceeds from public shareholders are used only for an acquisition approved by the board and public shareholders, or are returned to shareholders if shareholders redeem, the SPAC is wound up or the SPAC does not make an acquisition within the acquisition time limit. A specified amount or proportion may be used to fund the SPAC's operations if disclosed in the IPO prospectus;

⁶ If authorised by its bye-laws or memorandum

⁷ For dividends, Company subject to net assets test; for redemptions/repurchases, shares may only be redeemed out of the capital paid up on such shares, funds otherwise available for dividend or distribution or proceeds from a fresh issue of shares, with any premium payable paid out of the share premium account or out of funds available for dividend or distribution; for reductions of capital, intention of reduction to be published in an appointed newspaper in Bermuda

⁸ A detailed description of the protections is outside the scope of this briefing



- Approvals – acquisition requires board and shareholder approval, with shareholder approval excluding the votes of the founders, sponsors and directors, and directors must publish a “fair and reasonable statement” based upon independent advice where any director has a conflict of interest;
- Redemption option - allows shareholders to redeem their shares and exit the SPAC for a predetermined amount before the acquisition (no matter how the shareholder voted on the approval); and
- Disclosure requirements – provision of sufficient disclosure to shareholders of key terms and risks from the time of the IPO through to the

Walkers’ European Capital Markets Practice

Walkers is the largest law firm practicing offshore law. Walkers has an unparalleled expertise both in SPAC listings on major stock markets and in de-SPAC transactions working with clients and intermediaries in Asia, Europe, the Middle East and the US.

Walkers has a dedicated European Capital Markets team with broad experience who can advise on all Offshore corporate, regulatory and tax aspects relating to the structuring and launch of a SPAC on the LSE as well as the de-SPAC transaction during the acquisition.

Authors

For further information please speak with your usual contact at Walkers or contact:



Jonathan Heaney
Partner, Jersey
T: +44 (0) 1534 700 786
E: jonathan.heaney@walkersglobal.com



Dilmun Leach
Group Partner, Jersey
T: +44 (0) 1534 700 783
E: dilmun.leach@walkersglobal.com



Neil McDonald
Partner, London - BVI, Cayman, Bermuda law
T: +44 (0) 20 7220 4990
E: neil.mcdonald@walkersglobal.com



Patrick Ormond
Partner, London - BVI, Cayman, Bermuda law
T: +44 (0) 20 7220 4983
E: patrick.ormond@walkersglobal.com



Matt Sanders
Group Partner, Guernsey
T: +44 (0) 1481 748 914
E: matt.sanders@walkersglobal.com



Chris Hutley-Hurst
Senior Counsel, Guernsey
T: +44 (0) 1481 758 950
E: chris.hutley.hurst@walkersglobal.com



Tom Fothergill
Senior Associate, Jersey
T: +44 (0) 1534 700 724
E: tom.fothergill@walkersglobal.com

Additional contacts:



Tim Buckley
Partner, Cayman
T: +1 345 814 4646
E: tim.buckley@walkersglobal.com



Matthew Cowman
Partner, BVI
T: +1 284 852 2208
E: matthew.cowman@walkersglobal.com



Andy Randall
Partner, Hong Kong
T: +852 2596 3305
E: andy.randall@walkersglobal.com



John Rogers
Partner, Singapore
T: +65 6595 4673
E: john.rogers@walkersglobal.com



Kevin Taylor
Partner, Bermuda
T: +1 441 242 1510
E: kevin.taylor@walkersglobal.com



Daniel Wood
Partner, Dubai
T: +971 4 363 7912
E: daniel.wood@walkersglobal.com