

SPAC – Special Purpose Acquisition Company

Abstract

Special Purpose Acquisition Company (SPAC) is an alternative method of stock exchange entry which is used primarily in the USA but has also appeared in the Czech Republic. It is a company established for the sole purpose of listing on the stock exchange and then merging with a selected target company that wishes to go public in a way other than through an IPO. The merger will provide the target company with funds from investors in addition to the listing. They have already invested in the SPAC but can withdraw from the investment if they disagree with the selection of the target company.

The thesis deals with basic introduction of the SPAC and determination of its specifics such as the position of the sponsors, who select the target company. Subsequently, the whole process of the SPAC existence is described. Emphasis is placed on its formation, listing on the stock exchange, raising funds from investors and selecting a target company. A special section is then devoted to the target companies' merger forms, of which there are several from a legal perspective. The most widespread is the reverse merger, which is not known in the Czech legal system, so it was necessary to pay special attention to it within the work.

There are many reasons for using SPACs from the perspective of the target company and the investors. However, this subjects them to the risks that SPACs bring to them and to the market in general. Thus, the thesis seeks to answer the question of whether SPACs are really beneficial for anyone and whether the risks outweigh the positives. This is also related to showing the success of SPACs in recent years and to analyzing the well-known Nikola Corporation fraud, which illustrates many of the risks mentioned.

The thesis concludes with a discussion of the legal framework in the Czech Republic and other European Union countries. As this regulation is still minimal, the thesis includes a prediction of the future legal development of SPACs. Overall, the thesis assesses SPAC and its real applicability in our legal conditions.

Key words: SPAC, alternative listing, reverse merger