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STRUCTURING THE MODERN DE-SPAC TRANSACTION: LEGAL, REGULATORY, AND CAPITAL MARKETS CONSIDERATIONS

De-SPAC execution now turns on questions that must be answered before the business combination agreement is signed: how much usable cash will actually reach the balance sheet, what redemptions and financing terms will do to the common equity, and whether the resulting company can report, operate and raise capital once public. This article treats those questions as parts of a single transaction rather than separate legal and financing workstreams. It moves from deal sizing and target readiness through structured capital, exchange and registration requirements, conflicts and board process, and projections — the judgments that determine whether a transaction is executable at all. It closes with the SEC's proposed 2026 registered offering reforms and their potential relevance to post-closing capital raising. The theme throughout is execution: aligning the transaction's economics, legal requirements, and disclosure while the parties still have room to shape them.

By Anthony Zangrillo *

INTRODUCTION

A signed de-SPAC transaction[1] is no longer, by itself, a success story. The market now asks a harder set of questions: how much cash will reach the company, what securities will comprise the capitalization table, which approvals are still required, and whether the business will be ready to operate in the public markets on day one. During the 2020 and 2021 "SPAC boom" cycle, trust proceeds[2] and common equity PIPE commitments[3]

[1] A special purpose acquisition company ("SPAC") is a shell company formed to raise capital in an initial public offering ("IPO") and pursue a business combination with a target business within a specified period. A de-SPAC is that business combination. If the SPAC does not complete one within the applicable period, it generally returns the offering proceeds to public shareholders, subject to any permitted extension of the business combination deadline.

[2] Substantially all of a SPAC's IPO proceeds are held in a trust or similar account pending a business combination. Those funds are used principally to satisfy redemptions or fund the closing, or are returned to shareholders if the SPAC liquidates.

[3] A "PIPE" (private investment in public equity) is a privately negotiated private placement of an issuer's securities. In de-

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