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Vanessa Countryman, Secretary
Security and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

SEC Release Nos. 33-11048; 34-94546; IC-34549; File No. S7-13-22
Special Purpose Acquisition Companies, Shell Companies, and Projections

Dear Madam Secretary:

We appreciate the opportunity to respond to the Securities and Exchange Commission's (SEC or Commission) request for comments on the proposed rules, *Special Purpose Acquisition Companies, Shell Companies, and Projections* (Proposed Rules or Proposal). KPMG LLP remains highly supportive of the SEC's efforts to enhance investor protection in initial public offerings and subsequent transactions by special purpose acquisition companies (SPACs). We are also supportive of the SEC's efforts to codify current practice and existing Commission guidance, as it will assist SPACs, target operating companies, and investors by clarifying disclosure requirements throughout the SPAC lifecycle.

We encourage the SEC to continue to engage with investors and other users of the business and financial disclosures to fully understand their views on ways that the business and financial disclosures can be improved for their purposes. We also encourage the SEC to continue its outreach to SPACs and target operating companies to balance the compliance costs of registrants with the needs of investors.

Our observations and recommendations of the Proposed Rules are generally limited to those informed by our experience in working with companies in our capacity as auditors. Those observations and recommendations include:

- Clarifying the scope of the term 'co-registrant' and specifying the reporting obligations of a target operating company treated as a co-registrant
- Clarifying the determination of a registrant's filer status upon completion of a de-SPAC transaction
- Clarifying when assessments of internal control over financial reporting are required following a de-SPAC transaction
- Providing transition guidance to registrants upon adoption of the new rules

Target operating company as a co-registrant

We agree the proposed changes that would treat a target operating company as a co-registrant at the time a Form S-4 or F-4 is filed would contribute to the Commission achieving its objective

to better align de-SPAC transactions with traditional IPOs and afford investors with consistent protections. In regards to the concept of a 'co-registrant' referenced within the Proposed Rules, we recommend the Commission clarify which entities would be considered co-registrants in these types of transactions and therefore subject to the applicable requirements under the securities laws. SPACs may acquire more than one operating company as part of a de-SPAC transaction. In scenarios involving multiple target operating companies, with one or more determined to be the predecessor (or co-predecessors), it is unclear whether the intent of the Proposed Rules is for only the predecessor(s) to be the co-registrant(s), or all of the target operating companies would be treated as co-registrants.

Additionally, clarification is needed in situations when a registration statement related to a de-SPAC transaction becomes effective prior to a reporting period-end, and the de-SPAC transaction is consummated after the reporting period-end. The Proposed Rules indicate that the target operating company would be an issuer, therefore subjecting it to the reporting obligations of a public company and requiring it to file a periodic report for that recently ended reporting period. This would create circumstances where multiple periodic filings, such as Forms 10-K or 10-Q, are required to be filed for the same period for multiple entities involved in the transaction.

It is also possible that a SPAC merger is terminated after the effective date of a Form S-4 or F-4 registration statement, due to the vote from shareholders or for other reasons. In this situation, the Proposal indicates that the target operating company is a registrant, with ongoing filing obligations, but without having completed the merger. We recommend the Commission consider clarifying the reporting obligations of target operating companies in such circumstances.

We agree with the Commission's proposal to codify the current practice of applying Rule 3-05 of Regulation S-X to acquisitions of businesses by the target/predecessor of a SPAC in the Form S-4/F-4 or proxy statement. When multiple target operating companies are involved in a SPAC transaction and one (or more) of those targets that is determined not to be the predecessor has either acquired or is probable of acquiring a business, registrants are required to provide financial statements to the extent omission of those financial statements would render the target's financial statements incomplete or misleading. We recommend the Commission clarify in the final rules the financial statement requirements for businesses acquired, or that are probable of being acquired, by the target(s) with consideration of the circumstances explained above (e.g. an acquisition by a predecessor/co-registrant versus an acquisition made by a SPAC target that is not a predecessor).

Determination of a registrant's filer status

We support the Commission's proposal to require earlier re-determination of a registrant's status as a smaller reporting company (SRC). Re-determination of a registrant's status as an SRC will generally align that determination with that of an IPO. However, with respect to the registrant's filer status as an emerging growth company, accelerated filer, large accelerated filer, and foreign private issuer, those determinations have not been proposed to be aligned with that of an IPO. On that premise, we recommend the Commission consider clarifying the determination of the

combined company's filer status upon consummation of the de-SPAC transaction. In our experience, the determination of a registrant's filer status can be complex, particularly when a registrant engages in a de-SPAC transaction in close proximity to the end of an annual or quarter period that is used in the determination. We believe complexity in these circumstances could be reduced with additional guidance or interpretive examples.

Internal control over financial reporting requirements

While the Proposed Rules are silent on matters related to internal control over financial reporting (ICFR), we recommend the Commission clarify when an ICFR assessment is required post de-SPAC. In practice, we have observed confusion in determining when ICFR assessments are required.

Transition guidance

As of the date the Commission adopts the final rules, existing SPACs will be at various stages of the typical lifecycle. On that basis, we encourage the Commission to provide a transition period coupled with detailed transition guidance within a final rule, or issued shortly thereafter, to facilitate implementation of a new rule. We recommend the Commission provide transition guidance that addresses the compliance date, considers filing timing, and assists with various reporting requirements.

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We appreciate the opportunity to respond to the request for comments on the Proposed Rules. If you have any questions regarding our comments or other information included in this letter, please do not hesitate to contact Robert Malhotra [REDACTED] or Timothy Brown [REDACTED].

Very truly yours,



KPMG LLP