

ISSUE	IPO	SPAC	PRIMARY DIRECT LISTING ¹
NEW CAPITAL RAISED	Yes	Typically, yes	Yes (note that all completed direct listings have been Secondary Direct Listings, which do not involve new capital raises)
DILUTION	Yes (shares issued to public)	Significant (typically, existing target shareholders should expect dilution of between 15% and 30% from sponsor promote, warrant overhang, and PIPE)	Yes (shares issued to public)
CASH PAID TO ISSUER SHAREHOLDERS AT CLOSING	No, unless there is a concurrent, secondary offering	Possibly, 40% of SPAC transactions in the last two years contained a mix of cash and stock, averaging 25% of total consideration.	No, unless there is a concurrent secondary offering
EXPECTED TIMELINE FROM KICKOFF TO CLOSING, SUBJECT TO PUBLIC COMPANY READINESS	4 to 6 months from kickoff meeting (engagement of banks)	4 to 5 months from execution of letter of intent	4 to 6 months from kickoff meeting (engagement of banks)
MARKETING/ROADSHOW	Assistance by banks	Assistance by banks	No assistance or limited
ABILITY TO MANAGE INVESTOR BASE AT CLOSING	Yes	Maybe	Maybe
ANALYST COVERAGE	Yes	Less likely	Typically, yes
GUIDANCE BEFORE TRADING	No	Yes, typically five-year P&L projections, which will be disclosed as part of 8-K.	Yes, ability to furnish typical public company quarter and year guidance before public trading commences via 8-K.
LOCK-UP	Typically, 180 days	Typically, 180 days for target shareholders; significant shareholders and sponsors may be longer.	On the rise
PRICING FLEXIBILITY	Flexible—must disclose a range but can deviate from that range	Privately negotiated	No flexibility—must disclose a range and initial order and cannot deviate from that range and order size
NYSE MINIMUM PUBLIC FLOAT	\$40 million	\$100 million. The surviving company of the SPAC merger must continue to meet NYSE listing standards.	\$100 million. Satisfy NYSE requirement (a) if the issuer will sell at least \$100 million in market value of shares in the opening auction on the first day of trading, or (b) if issuer will sell less than \$100 million on first day, aggregate market value of shares the issuer will sell in the opening auction on the first day of trading and the shares that are publicly held immediately held prior to the listing is at least \$250 million.

1. This analysis is specific to the NYSE primary direct listing rules. Both NYSE and Nasdaq enable secondary listings, which are separately discussed in the [November 29, 2020 edition](#) of Momentum Minutes. Nasdaq has proposed rules for primary direct listings, which are currently under SEC review.

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MINIMUM INITIAL TRADING PRICE	←————— \$4 —————→		
MINIMUM ROUND LOT HOLDERS	←————— 400 —————→		
ROLE OF INVESTMENT BANKS	Underwriter	M&A advisor, for target; additional roles for SPAC	Financial advisor
FEES	Typically, 7% for banks, as well as FINRA filing fees and legal fees	Fees are harder to quantify Transaction costs, including payment of deferred underwriting fees for the SPAC IPO, financial advisory fees associated with the mergers, and legal fees, can be significant as a percentage of cash contributed by the SPAC especially after redemption (typically, expect ~10% of total consideration, including PIPE).	Less than IPO Financial advisor fees are less than underwriter fees (range from 0.5% to 1.5%, trending upwards) and no FINRA filing fees. Legal fees are typically higher.
DISCLOSURE DUE DILIGENCE	Underwriter-led	Target/issuer-led	Issuer-led
NUMBER OF YEARS OF PCAOB AUDITED FINANCIAL STATEMENTS REQUIRED	←————— 2 to 3 years (timing- and issuer-specific) —————→		
DISCLOSURE REQUIREMENTS	S-1 disclosure	Similar levels of disclosure to S-1 via S-4 proxy statement/registration statement and Super 8-K filed within four days of completion of deal	S-1 disclosure
ABILITY TO CONFIDENTIALLY SUBMIT SEC FILINGS	Yes, until 15 days prior to the roadshow	Yes, if using S-4 but limited to first submission	Yes, until 15 days prior to the roadshow
DISCLOSURE SUBJECT TO SEC REVIEW	←————— Yes, essentially same level of disclosure about issuer and SEC review process —————→		
EXECUTION CONDITIONS	Market conditions and underwriter guidance	SPAC shareholder approval and management of redemptions	Market conditions
LITIGATION RISK	Yes	Yes	Yes

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