



## SPECIAL PURPOSE ACQUISITION COMPANIES<sup>i</sup>

Regulation 40 of The Capital Markets (Public Offers and Listing and Disclosure) Regulations, 2023.

### ELIGIBILITY REQUIREMENTS FOR SPECIAL PURPOSE ACQUISITION COMPANIES<sup>ii</sup>

REQUIREMENT	CRITERIA	MET YES/NO/ N/A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
<b>Suitability</b>	In assessing the suitability of the SPAC, the Authority may take into account any factor it considers relevant including-		
	a. the business objective and strategy of the issuer;		
	b. the profile including the track record and repute of the founding shareholders, the experience and expertise of the management team of the issuer;		
	c. the alignment of interests of the founding shareholders and the management		

	<p>team with the interests of other shareholders, including potential losses and returns to the founding shareholders and the management team, and other shareholders;</p>		
	<p>d. the sufficiency of gross proceeds to be raised from the SPAC IPO to undertake a business combination which will</p> <ul style="list-style-type: none"> <li>(i) enable the resulting issuer to have an identifiable core business with sufficient size and scale; and</li> <li>(ii) offer reasonable returns to shareholders based on equity capital employed;</li> </ul> <p>e. the proportion of rewards to be enjoyed by the founding shareholders and the management team as compared to the expected and timing of shareholder value creation;</p>		
	<p>f. the quantum of discount to the SPAC IPO issue price at which securities of the issuer are issued to the founding shareholders and the management team, if any. For</p>		

	avoidance of doubt, the discount should not result in a price lower than the nominal value of the securities or a price lower than 50% of the price of the securities issued to the other shareholders;		
	g. the intended use of SPAC IPO proceeds not placed in the escrow account;		
	h. the dilutive features and events which impact shareholders, and whether there are any mitigants for such dilution; and		
	i. the escrow arrangements governing the funds in the escrow account.		

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<sup>i</sup> The checklists issued by the Capital Markets Authority Kenya(CMA) are intended to provide clarity and assistance in navigating regulatory requirements. However, it is important to note that these checklists are not intended to serve as a substitute for reading and comprehending the regulations themselves. Individuals and entities subject to regulatory oversight should familiarize themselves with the applicable laws, rules, and regulations, and seek appropriate legal or professional advice as needed. The checklists provided by the Capital Markets Authority are meant to supplement, not replace, a thorough understanding of regulatory obligations.

ii Please note that the relevant disclosures and eligibility requirements for listing under various market segments will apply.