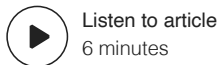


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Beware Crypto-SPAC Deals. They Might Never Close.

By [Luisa Beltran](#) Follow July 19, 2022 3:00 am ET



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Crypto companies trying to go public may be stuck in regulatory limbo.
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Crypto companies aiming to go public through a special purpose acquisition company, or SPAC, may be running out of time to close the deals.

SPACs, known as blank-check companies, essentially take investors' cash and then look for a buyout target to take public through their corporate wrapper. SPAC issuance boomed in 2020 and 2021 with 861 SPACs issuing

shares. This year, however, just 70 SPACs have gone public. And several high-profile ones have fizzled after failing to find a buyout target—including Bill Ackman's [Pershing Square Tontine Holdings](#) (ticker: PSTH).

The SPAC crash is now taking a toll on crypto companies. *Barron's* has identified more than a dozen crypto companies that have sought to merge with a SPAC but appear stuck on the sidelines.

One of the highest profile names is Circle Internet Financial, backer of the "stablecoin" [USD Coin](#). Circle has been trying to go public with a SPAC called [Concord Acquisition](#) [CND +0.50%](#) (CND) since July 8, 2021. The transaction valued Circle at [\\$9 billion](#), according to a Feb. 16 [regulatory filing](#). The Securities and Exchange Commission has until December 10, 2022, to clear the deal, though the deadline may be extended.

"We appreciate that the SEC is being thorough as they navigate fairly novel businesses that want the trust, transparency and accountability that come with being a public company," a Circle spokeswoman said in an email to *Barron's*.

Also on the sidelines is a crypto/SPAC deal between eToro Group, an Israel-based online brokerage, and FinTech Acquisition Corp. V [FTCV +0.10%](#) (FTCV), a SPAC

backed by veteran financier Betsy Cohen. The companies [scuttled their merger](#) in early July after they couldn't close the transaction by its June 30 deadline.

Failure to gain clearance from the SEC was one of the reasons the deal busted, a person familiar with the situation said. "[eToro] just ran out of time," the person said.

eToro declined to comment. [FinTech Acquisition Corp.](#) V didn't return requests for comment.

Scores of other crypto/SPAC deals haven't crossed the finish line. They include crypto exchanges Apify Asset Network and Coincheck; crypto mining firms Bitdeer Technologies Holding, Grid Infrastructure, Finfront Holding (Bitfury) and Prime Blockchain; online broker TradeStation Group; and Infinite Assets, a platform for trading nonfungible tokens, or NFTs.

Also in limbo is the crypto exchange Bullish, along with Nukkleus [NUKK +6.92%](#), a crypto financial services business. Bullish [is trying to merge with Far Peak Acquisition \(FPAC\)](#) while [Nukkleus \(NUKK\)](#) is seeking a deal with [Brilliant Acquisition \(BRLI\)](#). Nukkleus currently trades over the counter and plans to list on the Nasdaq exchange once it merges with the SPAC.

Bullish didn't return requests for comment. Nukkleus's merger with Brilliant Acquisition is expected to close in August, a spokesman said.

Only one crypto company, blockchain payments firm Roxel Holding, [is seeking to merge](#) with a SPAC that went public in 2022.

"For a lot of SPAC sponsors, the clock is ticking for them to find an acquisition target before they're required to return investors' money," said Columbia Law School professor Eric Talley, who specializes in corporate and transactional law.

Every SPAC deal has a deadline to be completed, but SPACs can extend the deadlines, pending shareholder approval, according to Evan Ratner, president of Levin Capital Strategies, a New York money-management firm that has invested in SPACs. "Usually it's three months in exchange for a slight increase in trust value," Ratner said, referring to the amount investors can redeem from the SPAC.

Investors are typically entitled to get their money back at \$10 a share under certain conditions—if a SPAC fails to find an acquisition target, close a merger, or fails to win clearance from the SEC.

Reviews of crypto/SPAC deals are sometimes taking six months or more—far longer than it usually takes the SEC to sign off on non-SPAC merger transactions, Ratner said. "Crypto is a new space and I would expect reviews to be longer because of the newness and complicated nature of this space," he said.

"It's fair to say that it's become more challenging to complete a crypto SPAC merger today than it was a year ago," said Dan Kahan, a partner at law firm King & Spalding, which handles crypto businesses.

SPACs have been in the SEC's crosshairs since 2020 and the regulator [has sought to beef up](#) its enforcement of the crypto sector. Moreover, there are still many questions regarding crypto regulation, jurisdiction—the SEC or the CFTC—and the accounting treatment for digital assets, Kahan said.

An SEC spokeswoman declined to comment.

One benefit of the delays is that some SPACs appear stuck below their \$10 cash-out value. That value is like a floor or "safety net for investors," Talley said. If investors don't expect a deal to go through, they can cash out for a small profit.

Some blank check companies trading slightly below \$10 include: Fintech Acquisition Corp V, which called off its deal with eToro; Far Peak Acquisition, which is trying to merge with Bullish; Circle's merger partner, Concord Acquisition; and, Quantum FinTech Acquisition **QFTA -0.20%** (QFTA), which is trying to combine with TradeStation.

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