

Going Global: The New Reality of Cross-Border De-SPACs

The SPAC market has fundamentally shifted. With hundreds of vehicles still searching for targets and domestic opportunities increasingly picked over, U.S.-listed SPACs are casting wider nets—looking to Canada, Europe, Asia, and beyond. For foreign companies, a U.S. SPAC merger offers an attractive proposition: faster access to capital, institutional credibility, and visibility in the world's deepest public markets. But for investors, the cross-border opportunity comes with a critical asterisk. These aren't simply domestic deals with an international flavor, they're structurally complex transactions that layer jurisdictional risk, tax inefficiencies, and governance challenges onto an already uncertain asset class. As the data makes clear, not all cross-border SPACs perform equally, and the difference between a successful international merger and a value-destructive one often comes down to how well sponsors navigate the regulatory, structural, and operational terrain before the deal closes.



Why U.S.-Listed SPACs Are Looking Abroad — and What Investors Should Watch

After the SPAC boom of 2021, the market has reset—but U.S.-listed SPACs are increasingly setting their sights on international targets. With domestic opportunities scarce and competition fierce, cross-border de-SPACs are no longer a niche play—they're becoming a structural feature of the landscape. Yet, while foreign deals can offer speed and scale for issuers, investors are learning that not all cross-border opportunities are created equal.

The Overseas Pivot: Supply Meets Demand

The driver is simple: too many SPACs chasing too few U.S. companies. Hundreds of legacy SPACs remain in the market, increasingly exploring Canada, Europe, and parts of Asia for acquisition opportunities.

Foreign companies are also motivated. For growth-stage businesses in Asia or Canada, merging with a U.S.-listed SPAC provides faster access to deep pools of capital, heightened visibility, and a broader institutional investor base. Notable transactions, like Grab's merger with Altimeter Growth Corp., highlight that cross-border de-SPACs can be a legitimate path to a U.S. listing for regional champions.

Meanwhile, SPAC formation itself is evolving. Early 2025 data shows a measured rebound: smaller, sector-focused vehicles led by repeat sponsors dominate new issuances. These

SPACs are more selective and often bring pre-existing regional networks—supporting continued interest in well-positioned foreign targets.

Performance Matters: Not All Cross-Border Deals Are Equal

Data on cross-border de-SPACs points to caution. On average, foreign deals deliver lower announcement returns than domestic mergers, especially when the target is in China or other emerging markets. Post-merger performance is generally weak, though results vary:

- Chinese targets show the weakest one-year stock returns.
- Targets in other emerging markets sometimes outperform both Chinese and developed-market deals.
- Tax-inefficient structures—common in about 36% of cross-border deals—correlate with lower returns, weaker PIPE participation, and operational challenges post-merger.

The takeaway is clear: investors are increasingly pricing jurisdictional, structural, and tax risks upfront. Cross-border SPACs aren't just about growth stories—they require careful attention to governance, tax, and accounting frameworks.

Regulatory and Structural Complexity

Cross-border SPACs aren't just domestic deals with different time zones—they bring multi-layered challenges:

- **Tax and anti-inversion risk:** U.S. sponsors merging with foreign targets must navigate PFIC/CFC rules and complex promoter/shareholder taxation. Poor structuring can hurt market support and long-term performance.
- **Foreign Private Issuer (FPI) status:** Qualifying as an FPI can reduce reporting burdens but is increasingly scrutinized by the SEC, particularly for offshore SPACs operating primarily in the U.S.
- **Accounting and governance alignment:** Bridging U.S. GAAP, IFRS, or local GAAP regimes can impact valuations, KPIs, and comparability. Companies with strong internal controls, audited IFRS financials, and governance aligned to U.S. expectations tend to fare better in the market.

On top of this, global M&A is tightening. Cross-border deal value hit a 10-year low in 2023, with smaller, capital-efficient transactions favored to reduce regulatory friction. SPAC sponsors are increasingly focused on structuring deals—dual listings, SPAC-on-top vs. SPAC-on-bottom—that can navigate multiple review regimes efficiently.

A More Nuanced Opportunity Set

In short, the cross-border SPAC market has matured: fewer deals, smaller in size, but more structurally sophisticated. For sponsors, success now depends on early tax and FPI analysis, rigorous local diligence, and alignment with U.S. accounting and governance standards. For investors, these deals remain investable—but only with a granular, jurisdiction-specific lens. Where the structuring is strong and regulatory navigation is disciplined, growth potential is real. Where it's weak, performance can lag dramatically.

Cross-border SPACs are no longer just a shortcut—they're a complex, high-stakes strategy. Knowing the terrain is as important as betting on the story.

Conclusion

Cross-border SPACs have evolved from opportunistic outliers to a structural reality of today's market. But maturity hasn't made them simple. For sponsors, the path to success requires early and rigorous attention to tax structuring, FPI qualification, governance alignment, and local diligence—issues that can't be retrofitted once the proxy is filed. For investors, these deals demand a more disciplined approach: jurisdiction matters, structure matters, and a compelling growth narrative alone is no longer sufficient to justify the risk. The best cross-border de-SPACs combine strong operational fundamentals with sophisticated deal architecture and transparent disclosure. The weakest ones rely on market enthusiasm to paper over structural flaws that emerge only after the merger closes. In a market where performance increasingly separates winners from laggards, understanding the terrain isn't optional—it's the baseline for making informed capital allocation decisions in an increasingly global SPAC landscape.