



California Public Employees' Retirement System

Executive Office

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3829 | Fax: (916) 795-3410

888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

Ms. Vanessa Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

June 9, 2022

Subject: Special Purpose Acquisition Companies, Shell Companies, and Projections (File No. S7-13-22)

Dear Secretary Countryman,

On behalf of the California Public Employees' Retirement System (CalPERS), I write to express our support for the U.S. Securities and Exchange Commission's (SEC or Commission) proposed rule to enhance investor protections in initial public offerings by special purpose acquisition companies (SPACs) and in subsequent business combination transactions between SPACs and private operating companies (Proposed Rule).

As the largest public defined benefit pension fund in the United States, we manage approximately \$450 billion in global assets on behalf of more than 2 million members. As a global, institutional investor with a long-term investment horizon, we seek long-term sustainable, risk-adjusted returns through efficient capital allocation and stewardship in line with our fiduciary duty. Furthermore, we believe that all investors, whether large institutions or private individuals, should have access to disclosures that allow them to make informed investment decisions.

CalPERS' Investment Beliefs¹ recognize that long-term value creation requires effective management of three forms of capital: financial, physical, and human.² Accordingly, our fiduciary duty requires that we proactively assess whether the companies that we hold in our portfolio are managing all three forms of capital effectively. Our Governance and Sustainability Principles³ identify robust governance practices as critical to a company's long-term success.

¹ CalPERS Investment Beliefs, <https://www.calpers.ca.gov/page/about/organization/calpers-story/our-mission-vision#investment-beliefs>.

² Id.

³ CalPERS Sustainability Principles, <https://www.calpers.ca.gov/docs/forms-publications/governance-and-sustainability-principles.pdf>.

Therefore, we expect fair, accurate, timely, and assured reporting about how companies manage these three forms of capital to generate sustainable returns, including how they identify, monitor, and mitigate risks. SPAC-related disclosures should be improved substantially. The Proposed Rule is a welcome move in the right direction.

Comments on Proposed Rule

CalPERS supports the Proposed Rule. We believe that the Proposed Rule effectively addresses the significant gaps in SPAC regulation. The Proposed Rule enhances transparency and improves the long-term prospects for SPACs.

CalPERS generally agrees with the Proposed Rule, and is supportive of each of the following proposals:

- Amending Regulation S-K to include new Subpart 1600;
- Leveling the regulations for de-SPACs with regular IPOs;
- Implementing a 20-day advance dissemination requirement for de-SPAC merger/proxy vote documents;
- Including the target company as a co-registrant in the de-SPAC registration process; and
- Adding de-SPAC transaction Fairness Statements.

Summary

CalPERS supports implementation of the Proposed Rule to enhance SPAC-related disclosures. We believe that the enhanced disclosures will make the SPAC market more sustainable and allow investors to invest in SPACs with more confidence. The Proposed Rule will provide investor protection and promote long-term capital formation.

Thank you for the opportunity to share our comments. If you have any questions or wish to discuss in more detail, please do not hesitate to contact James Andrus at James.Andrus@calpers.ca.gov.

Sincerely,

Marcie Frost
Chief Executive Officer

cc: James Andrus