

February 2, 2022

## 2021 shatters IPO market records on strength of SPACs

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The IPO market shattered all notions of normalcy in 2021 with 1,018 completed deals that raised \$283.3 billion in aggregate proceeds. Led by the blank check/SPAC craze, IPOs were completed at five times the usual pace—between 2005 and 2020 the market averaged 205 new issues annually. 2021's IPO total and aggregate proceeds represented new 50-year highs, far outdistancing previous leaders 1996 (853 deals), and 2020 (\$152.6 billion in proceeds).

2021 IPO newsmakers included electric vehicle maker Rivian Automotive which completed the year's largest offering at \$11.9 billion, and Robinhood Markets' \$2.1 billion entrance into the public markets despite significant pre-offering turbulence, including Congressional inquiries into its role in the GameStop gamification episode. However, the discussion of 2021's IPO market dynamics must start with SPACs (SIC 6770).

**SPAC deluge.** In 2021 SIC 6770 claimed a 60 percent market share with 611 new issues. That is about 2.5 times the previous single-year blank check high of 248 IPOs in 2020, and more than ten times SIC 6770's 2019 market-leading total of 59 new issues. The exponential growth in these vehicles commanded the attention of the SEC and Congress, and regulatory action in this area is expected in 2022.

Among the significant guidance from the SEC in 2021 was the April statement from then-Acting Director of the Office of the Chief Accountant John Coates indicating that some warrants issued in SPAC IPOs and merger transactions may have to be accounted for as liabilities rather than equity. The guidance led to a significant number of financial restatements by SPACs, and contributed to a chill in the number of new blank check deals. After more than 90 deals in each of January and February, and 109 in March, SIC 6770 IPOs dropped to 12 in April and 19 in May.

Shortly after the April guidance, the SEC officially added SPACs to its regulatory agenda with action currently slated for Spring 2022. SEC Chair Gary Gensler provided a preview in December of what might be expected in remarks indicating his view that SPAC investors may not be getting adequate protections due to differences from traditional IPOs in disclosure, marketing, and gatekeeper obligations. With regard to SPACs, Gensler has asked the staff to provide recommendations on disclosure of fees, projections, dilution, and conflicts of interest; improper "priming" of the market; and the alignment of incentives between investors and gatekeepers.

Regardless of what changes are in store in 2022, there is no question that in 2021 the blank check deluge lifted the entire IPO market. The favorable conditions resulted in 407 new issues by companies outside of SIC 6770.

**Covid-focused companies.** Pharmaceutical companies had another solid year and, in keeping with the times, a few businesses focused on addressing the global pandemic made their public market debuts. Vaxxinity and Vaccitech, both of which have directed some of their resources on Covid-19, priced during the year. Vaccitech, which raised \$110 million in its April offering, is a U.K. company that helped to develop AstraZeneca's coronavirus vaccine. Vaxxinity is working on synthetic peptide vaccines, and focused part of its efforts toward Covid-19 at the start of the outbreak. Outside of the pharmaceutical space, Covid fears no doubt helped air purification systems developer AeroClean Technologies's shares rise from \$10 to \$78.94 on their first trading day, a 689 percent increase.

The year's largest offering was completed by Rivian Automotive. Its \$11.9 billion debut was more than twice as large as Korean e-commerce company Coupang's \$4.5 billion deal, the second biggest IPO in 2021. Close behind was the \$4.3 billion IPO by DiDi Global, a Chinese provider of mobility technology. The other companies that topped \$2 billion in proceeds in 2021 were GLOBALFOUNDRIES (\$2.6 billion), Nu Holdings (\$2.5 billion), Bumble (\$2.1 billion), and Robinhood Markets (\$2.09 billion).

2021 was the fifth consecutive year that SIC 6770 finished as the top performing industry in the IPO market. The second busiest industry in 2021 was pharmaceutical preparations (SIC 2834), which tallied 77 IPOs for the year, 21 more than it produced in 2020. Prepackaged software (SIC 7372) finished third with 50 deals, followed by biological products (SIC 2836) with 35 IPOs. No other industry produced more than 16 new issues during the year. The 611 deals by blank check companies generated \$144 billion in aggregate proceeds, representing 50.8 percent of all the money raised by IPOs in 2021. Prepackaged software deals tallied \$23.7 billion in aggregate proceeds to finish second for the year by that metric.

**Foreign company deals.** Offerings by non-U.S. companies accounted for 16.7 percent of 2021's IPO market, down from 17.9 percent in 2020. The 170 non-U.S. IPOs last year were more than twice the 83 seen in 2020. China was once again the dominant producer of IPO companies with 53 during the year, up from 41 China-headquartered new issuers in 2020. In 2021, 28 different countries were home to U.S. IPO companies, compared to 19 in the prior year.

After China, the Cayman Islands produced the most IPO companies with 20, followed by Israel with 16 and the U.K. with 15. Singapore was home to 10 IPO companies last year, and Germany and Switzerland each produced seven. Uruguay and Kazakhstan, which had not been home to a new issuer in the U.S. since at least 1997, each saw one company complete an IPO in 2021. Online payment platform operator DLocal operates out of Uruguay and raised \$617 million in its June offering. Kazakhstan-headquartered Oxus Acquisition netted \$150 million in its September debut. A company from Turkey debuted in U.S. markets for the first time since 2000, and Taiwan's first new issuer since 2010 completed an IPO in early October.

Market performance was weighted heavily toward the first quarter of the year with 117, 129, and 153 IPOs in January, February, and March, respectively. Thereafter, no month surpassed 100 deals, although June, October, and November all tallied more than 90 new issues. The slowest month for IPOs in 2021 was August with 41 offerings.

The top first-day trading performance of 2021 was turned in by E-Home Household Service Holdings. Shares of the Chinese housekeeping services provider gained 1,100% in their May 13 debut. Another Chinese company, Zhangmen Education, was a close second at +1,082 percent in its first trading day. China also claimed the third best debut with the 875 percent jump of the shares of UTime, a maker of mobile phones and accessories.

**Law firm rankings.** The abundance of work in 2021 made for an exceptional year for IPO-focused law firms, underwriters, and auditors, with many of them more than doubling their already substantial 2020 deal totals. The number of IPO-active law firms climbed from 157 in 2020 to 222 last year. In 2021, six firms worked on more than 100 IPOs, and 31 reached double digits in number of assignments, up from 22 double-digit firms in 2020.

For the second straight year, Maples and Calder sits atop the [IPO law firm leaderboard](#). It advised on 217 deals during the year, more than twice its 2020 market-leading total of 98. Latham & Watkins, which held the top spot in the rankings from 2011 through 2018, finished second in 2021 with 171 IPOs. The firm climbed four spots from its 6th place finish in 2020 by advising issuers in many different industries, although 39 of its IPO clients were blank check companies, and 25 operated in the pharmaceutical preparations industry.

Davis Polk & Wardwell finished 2021 in third place, three representations behind Latham. Despite increasing its IPO total to 168 from 86 in 2020, the firm slipped one place in the annual rankings. Ellenoff Grossman & Schole claimed the fourth spot in the rankings with 164 representations, all but 18 of which were for blank check companies. The firm also finished fourth in 2020's year-end rankings.

Kirkland & Ellis rounded out 2021's top five with 129 deals, 50 more than it tallied the year before in a third place finish. Skadden, Arps, Slate, Meagher & Flom was the only other firm to top 100 IPOs in 2021. Its 118 representations were good enough for a 6th place ranking, one spot lower than its 2020 finish.

Cooley remained among the top 10 most active law firms, holding steady in 7th place in the rankings with 89 representations. Similarly, White & Case and Ropes & Gray retained spots in the top 10, although they traded places from 2020 as White & Case took 8th with 84 deals and Ropes & Gray finished 9th with 78. Loeb & Loeb's 77 completed IPO representations moved the firm into 10th place in 2021 after a 12th place showing in 2020.

Paul Hastings made a large year-over-year jump in the rankings, climbing from 25th to 14th place. The firm's IPO work dramatically increased to 42 IPOs in 2021 from just eight in 2020. Sidley Austin also made an upward move in 2021's rankings, claiming 16th place after finishing 23rd in

2020. Reed Smith worked on 33 IPOs after only one deal in 2020, and saw its ranking improve from 101st to 20th place.

By aggregate IPO proceeds generated in 2021, Latham claimed the top spot. Its industry-leading total was \$75.7 billion, nearly \$10 billion more than Maples and Calder's total (\$65.9 billion). Davis Polk was close behind at \$63.2 billion and claimed 3rd place by aggregate proceeds. Skadden was the only other firm to exceed the \$50 billion mark, but Kirkland & Ellis posted an impressive \$40.9 billion in total proceeds. Those firms comprised the top five in 2021's rankings by offering amount. While 11 law firms reached \$10+ billion in IPO proceeds in 2020, 14 firms surpassed that level in 2021.

**Lead manager rankings.** The number of investment banks acting as lead manager rose for the third straight year. In 2021, there were 130 active lead managers, compared to 93 in 2020, and 81 in 2019. The number of lead managers with total IPOs in the double-digits jumped to 44, 21 more than reached that level in 2020.

Measured by number of IPOs, Goldman Sachs claimed the top spot in the [lead manager rankings](#) for the second straight year with 211 deals brought to market, 113 more than its 2020 leading year-end total. The 2021 2nd place finisher was JPMorgan with 184 IPOs, 12 more than Morgan Stanley. When measured by aggregate proceeds, Goldman Sachs also outdistanced the competition in 2021 with \$116.6 billion, \$12.7 billion more than JPMorgan. Goldman Sachs also led this category in 2020, but its 2021 total was substantially greater than its 2020 proceeds (\$66.7 billion).

By number of IPOs, Citigroup and Bank of America finished in 4th and 5th places, respectively in 2021. Both banks assisted on 156 deals during the year, but Citigroup's aggregate proceeds exceeded Bank of America's by \$4 billion. Citigroup's finish represents an improvement over its 7th place showing in 2020, while Bank of America dropped two spots from its 3rd place 2020 ranking.

Jefferies and Credit Suisse distinguished themselves in 2021 as the only other banks that worked on more than 100 IPOs. Jefferies' deal count climbed to 112 in 2021 from 69 the year before as it held onto 6th place in the rankings. Credit Suisse's business also improved year-over-year, rising from 70 completed IPO assignments in 2020 to 103 in 2021, but the bank slipped from 5th place to 7th in the annual rankings.

With 94 lead manager representations in 2021, 65 more than its 2020 tally, Barclays claimed the number 8 spot in 2021 after finishing 10th in 2020. The final two places in the top ten were claimed by Cowen, which fell one place from 8th to 9th in 2021, and Cantor Fitzgerald, which climbed one spot to finish in 10th place. Cantor replaced UBS in the top ten. UBS dropped to 11th place despite having 20 more representations in 2021 than in 2020 (53 and 33, respectively).

Despite a slight shuffle in the rankings, nine of the top 10 lead managers remained the same between 2020 and 2021. Outside the top 10, EF Hutton—the new name for rebranded investment bank Kingswood Capital Markets—landed in 13th place with 45 IPOs. Deutsche Bank, Evercore, and Piper Sandler held onto places in the top 15.

The year's largest deal—Rivian Automotive's IPO—was spread among 22 different underwriters. The company enlisted Morgan Stanley, Goldman Sachs, and JPMorgan as lead managers, along with a variety of co-managers. Goldman Sachs and JPMorgan also co-led Coupang's 4.5 billion deal with Allen & Co., and joined Morgan Stanley to lead DiDi Global's \$4.4 billion IPO.

**Auditor rankings.** The number of accounting firms acting as IPO auditor in 2021 was 60, up from 29 in 2020 and 27 in 2019. Marcum and WithumSmith easily took the top two places in the [annual rankings](#), positions historically held by Big Four firms.

Marcum was the busiest IPO auditor last year by a wide margin. Its 322 deals were 129 more than 2nd place WithumSmith. Both firms far exceeded the totals of their peers due to their work with blank check companies. The 3rd place auditor was Ernst & Young with 97 IPOs, 41 more than its 2020 total. It was the second straight 3rd place finish for Ernst & Young, which had occupied one of the top two spots from 2003 through 2019.

Deloitte Touche moved from 6th place in 2020 to 4th in 2021 with 75 representations, 10 more than 2021's 5th busiest auditor, PricewaterhouseCoopers. PwC dropped one spot in the rankings from 2020 to 2021, as did 6th place finisher KPMG. KPMG's 61 IPOs were 17 more than the firm worked on the year before, but its market share fell from 9.5 percent to 6 percent.

Marcum accounted for 31.6 percent of 2021's IPOs, and 25 percent of the aggregate proceeds. Second place finisher WithumSmith came in \$15.4 billion behind Marcum. The third-place auditor by aggregate proceeds was Ernst & Young, which tallied \$36.7 billion in 2021. KPMG and Deloitte Touche also exceeded \$30 billion in IPO proceeds, finishing the year with totals of \$31.5 billion and \$31.4 billion, respectively.

Nine of the top ten auditors remained the same from 2020 to 2021. UHY, which placed 20th in 2020, moved up to 10th place last year with 13 assignments. It took the place of CohnReznick, which dropped to the number 12 spot with eight IPOs. BDO International, Grant Thornton, and Friedman retained their 7th, 8th, and 9th place rankings in the 2021 year-end list.

The information reported here was gathered using IPO Vital Signs, a Wolters Kluwer Law & Business database that includes all SEC registered IPOs, including REITs and those non-U.S. IPO filers seeking to list in the U.S. markets. IPO Vital Signs does not track closed-end funds, best efforts or non-underwritten deals, or IPO offerings for amounts less than \$5 million.