

Latham Steers Mexican Energy SPAC's Landmark \$650M IPO

By **Tom Zanki**

Law360, New York (August 16, 2017, 6:17 PM EDT) -- Latham & Watkins LLP said Tuesday it advised private equity-backed Vista Oil & Gas, an energy-focused special purpose acquisition company, in raising \$650 million through Mexico's first initial public offering of a SPAC.

Vista sold 65 million units at \$10 each on the Mexico Stock Exchange. The landmark deal completed last week was evenly split between a public offering in Mexico and a concurrent international private offering in the United States and elsewhere outside Mexico, according to Latham, one of four firms involved in the transaction.

The deal comes amid increased investment in Mexico's energy sector, following government reforms enacted in 2013 to open the country's oil to foreign investors. It also marks the first oil-and-gas listing in Mexico and the nation's first IPO of a SPAC, or blank check company, which are shell entities that raise funds to effect an acquisition.

"We will be seeing more of these kinds of offerings in Latin America that will no doubt build on this precedent," said Latham partner Roderick Branch, who worked on the deal.

SPACs are common in the United States but the complex deals had not previously spread to Latin America, requiring lawyers who worked on the Vista deal to handle many things from scratch. Branch noted that Mexican regulations do not permit pension fund investors to hold warrants, though SPAC offerings involve the sale of units, which consist of shares and warrants to purchase shares.

Branch said Vista's Mexican counsel Creel García-Cuéllar Aiza and Enríquez SC obtained an interpretive ruling from Consar, the country's pension fund regulator, to allow pension fund investors of the IPO to participate in the offering.

"From a lawyer's perspective, all of the documentation and structure was very bespoke," Branch said.

Money raised from blank check IPOs goes into a trust, where proceeds are set aside until the company finds an acquisition target. Investors typically get their money back if the company fails to identify a target in its stated time frame, usually 24 months.

Vista plans to use IPO proceeds to buy an oil and gas explorer, likely in Mexico, Argentina, Brazil or

Colombia. The company is backed by energy-focused private equity firm Riverstone and Vista's chief executive is Miguel Galuccio, formerly head of Argentine oil and gas company YPF. Galuccio is also a director at oil and gas services provider Schlumberger.

Citi and Credit Suisse underwrote the offering, the third largest IPO on the Mexican Stock Exchange since 2015. Shares began trading last Thursday.

Underwriters were advised by Mexican firm Ritch Mueller Heather y Nicolau on Mexican domestic matters and Shearman & Sterling LLP on international matters.

The Shearman & Sterling team included capital markets partner Antonia Stolper, tax counsel Jeffrey Tate, capital markets associate Antonio Herrera, tax associate Michael Daly and visiting capital markets attorney Joanna Dawson.

The Latham team advising Vista included capital markets partners Roderick Branch and Michael Sullivan. Partner Barton Clark also advised on fund formation matters as did partner Cheryl Coe on tax matters. Associates Amy Rigdon, Patrick Foley, Valentin Riazanov, Tessa White, Ben Winnett, Chasmin Brooks, and international visiting associate Francisco Lascurain also worked on the deal.

--Editing by Emily Kokoll.

Correction: A previous version of this story misstated one aspect of Latham's role in the transaction and a technical detail about the interpretive ruling. The errors have been corrected.