

Consultation Conclusions

Board Lot Framework Enhancements in the Hong Kong Securities Market

TABLE OF CONTENTS

TABLE OF CONTENTS	i
DEFINITIONS	ii
EXECUTIVE SUMMARY	1
CHAPTER 1: MARKET FEEDBACK AND OUR RESPONSES	4
Respondent Profile.....	4
Respondent Counting Methodology	4
Responses	5
CHAPTER 2: CONCLUSION AND IMPLEMENTATION	13
Overall Consultation Conclusion	13
Implementation	13
Practical Application	14
APPENDIX I: LIST OF RESPONDENTS	16
APPENDIX II: QUANTITATIVE ANALYSIS OF RESPONSES	18
APPENDIX III: AMENDMENTS TO THE GUIDE ON TRADING ARRANGEMENTS FOR SELECTED TYPES OF CORPORATE ACTIONS	21

DEFINITIONS

Term	Definition
“Applicable Securities”	Securities including equities (except Equity Warrants, Investment Companies, Trading Only Securities, SPAC Shares and SPAC Warrants) and REITs traded in the securities market of Hong Kong. Exchange Traded Products, Debt Securities and Structured Products are excluded from the scope.
“Board lot”	Trading unit with defined number of shares
“Board lot unit”	Number of shares in a single board lot
“Board lot value”	Product of multiplying the board lot unit by the stock price
“Consultation Paper”	Consultation Paper on Board Lot Framework Enhancements in the Hong Kong Securities Market published on 18 December 2025
“Debt Securities”	Debenture or loan stock, debentures, bonds, notes and other securities or instruments acknowledging, evidencing, or creating indebtedness, whether secured or unsecured and options, warrants or similar rights to subscribe or purchase any of the foregoing and convertible debt securities.
“Exchange”	The Stock Exchange of Hong Kong Limited
“HKEX”	Hong Kong Exchanges and Clearing Limited
“HKSAR”	Hong Kong Special Administrative Region
“Investment Companies”	Has the same meaning as in Chapter 21 of the Main Board Listing Rules
“IPO”	Initial Public Offering
“Main Board Listing Rules”	The rules governing the listing of securities on the Main Board made by the Exchange from time to time
“Odd lot”	The quantity of the order or trade that is less than one board lot
“Prescribed Securities under the USM regime”	Has the same meaning as in section 101AA of the Securities and Futures Ordinance
“REITs”	Real estate investment trusts authorised by the Securities and Futures Commission under the Code on Real Estate Investment Trusts
“SPAC Warrants”	Has the same meaning as in Chapter 18B of the Main Board Listing Rules
“SPAC Shares”	Has the same meaning as in Chapter 18B of the Main Board Listing Rules

“Specified Jurisdiction”	A place specified under the USM Rules, that is, Bermuda, Cayman Islands, Hong Kong or the Mainland of China
“Specified Prescribed Securities under the USM regime”	Prescribed Securities under the USM regime that are: <ul style="list-style-type: none"> 1) shares in a body corporate incorporated in a Specified Jurisdiction, 2) or any other Prescribed Securities under the USM regime that are constituted under the laws of a Specified Jurisdiction.
“Structured Products”	Has the same meaning as in Chapter 15A of the Main Board Listing Rules
“Trading Only Securities”	Referring to the 6 NASDAQ securities admitted to trading in the Nasdaq-Amex Pilot Program launched in 2000. They are traded but not listed on the Exchange. SEHK's Listing Rules do not apply to issuers of the Nasdaq-Amex Pilot Program.
“USM”	Uncertificated Securities Market
“USM Rules”	The Securities and Futures (Uncertificated Securities Market) Rules

EXECUTIVE SUMMARY

Purpose

1. On 18 December 2025, the Exchange published a Consultation Paper on Board Lot Framework Enhancements in the Hong Kong Securities Market (“Consultation Paper”). The consultation period of 12 weeks ended on 12 March 2026. This paper summarises market feedback and sets out conclusions of the consultation.

Background

2. The board lot framework in Hong Kong has remained largely unchanged for many years. Accordingly, a review of the HKEX board lot framework was identified as a medium-term enhancement measure by the Task Force on Enhancing Stock Market Liquidity set up by the HKSAR Government in August 2023 and noted in the 2025-26¹ and 2026-27² Budget. Following the review, the Exchange identified scope to enhance the existing framework to improve operational efficiency and accessibility for market participants. Against this backdrop, the Consultation Paper proposed three key enhancements to the board lot framework for equities³ and REITs (collectively, “Applicable Securities”):
 - i. **Reduction of current board lot value floor guidance⁴ from HK\$2,000 to HK\$1,000.**
 - ii. **Introduction of board lot value ceiling guidance⁵ at HK\$50,000.**
 - iii. **Standardisation of board lot units to a defined set of eight options: 1, 50, 100, 500, 1,000, 2,000, 5,000, and 10,000 share(s).**

Market Feedback

3. The Exchange received 85 responses to the Consultation Paper, including responses from Exchange Participants (“EPs”), which represent 83% of secondary market turnover⁶. The respondents represented a broad cross-section of market participants, including primary market, secondary market and personal respondents, as well as market and professional associations. A full list of respondents is set out in **Appendix I**.
4. The majority of respondents were supportive or had no opposition to the proposals, with feedback indicating that the changes are likely to have a positive impact on operational efficiency and retail investor accessibility. A small number of respondents opposed the

¹ The 2025-26 Budget, available at: <https://www.budget.gov.hk/2025/eng/budget10.html>.

² The 2026-27 Budget, available at: <https://www.budget.gov.hk/2026/eng/budget14.html>.

³ Exchange Traded Products, Structured Products, Equity warrants, Investment Companies, Trading Only Securities, SPAC Shares, SPAC Warrants and Debt Securities are excluded from the scope.

⁴ Only applicable upon initial listing, when the board lot unit is being changed, and when conducting share consolidation or sub-division.

⁵ Only applicable to issuers of Applicable Securities using a board lot unit of greater than 100 shares.

⁶ Market share in terms of average daily turnover, excluding Stock Connect turnover, of Applicable Securities in 2025.

proposals, citing either a preference towards immediate adoption of a single unified board lot unit or for retaining the existing board lot framework.

5. In addition to commenting on the proposed amendments to the board lot framework, respondents also took the opportunity to share their views on related topics, including the existing odd lot trading mechanism, suggesting that enhancements would better facilitate trading in small sizes.
6. Further details on market feedback and our responses to the key comments are set out in Chapter 1.

Consultation Conclusion

7. Having considered the responses and comments received and noting that the majority of respondents either supported or had no objection to the proposals, the Exchange has concluded that the proposals are appropriate and in the best interest of the market. The Exchange will therefore proceed with implementation.

Implementation

8. The Exchange has proposed a two-phase implementation to limit changes required for existing issuers ahead of their securities transitioning to uncertificated shareholding under the Uncertificated Securities Market (“USM”) regime⁷. This reduces the number of share certificates likely to be reprinted and subsequent instances of parallel trading. Details of the change on parallel trading arrangements will be explained in paragraphs 58 to 61.

Phase 1 (effective 2 July 2026)

- **Prospective issuers** with IPO application filings (including the refiling of IPO applications lapsed before 2 July 2026) made on or after 2 July 2026 will be required to comply with **all components** of the new board lot framework.
- **Prospective issuers** with IPO application filings made before 2 July 2026 and **existing issuers** will only be required to comply with the updated **board lot value floor guidance** and the new **board lot value ceiling guidance**⁸. If they undertake corporate actions involving a change of board lot unit, share consolidation, or share sub-division, they will be required to comply with **all components** of the new board lot framework⁹.
- A **regular review cycle** will be introduced to identify issuers who exceed the new board lot value ceiling guidance for rectification (as detailed in Chapter 2).

⁷ The Securities and Futures Commission announced on 30 March 2026 that the USM regime is targeted to be launched on 16 November 2026.

⁸ Issuers who are not Specified Prescribed Securities under the USM regime, which are in general issuers incorporated outside Hong Kong, the Chinese Mainland, Bermuda, or Cayman Islands, would not be expected to observe the board lot value ceiling guidance until such time as they are able to elect to undertake an earlier USM transition.

⁹ For avoidance of doubt, issuers who are not Specified Prescribed Securities under the USM regime will also be required to comply with all components of the new board lot framework if they undertake the relevant corporate actions.

Phase 2 (effective upon the launch of USM on 16 November 2026)

- **All issuers** will be required to adopt **one of the standardised board lot units** within **six months** of completing the USM transition process¹⁰.
 - The requirement to conduct parallel trading for a change of board lot unit will be removed for issuers who have completed the USM transition process.
9. Further implementation details, including the removal of parallel trading arrangements for board lot unit changes for issuers that have completed transitioning to USM, are set out in Chapter 2.
10. The Exchange would like to take this opportunity to thank respondents who shared their views during the consultation process. Their feedback is appreciated and supports continued development of the Hong Kong securities market.

¹⁰ The scope of USM currently includes issuers incorporated in Hong Kong, the Chinese Mainland, Bermuda, or Cayman Islands. For avoidance of doubt, issuers incorporated in other jurisdictions will also only be required to adopt one of the standardised board lot units within six months of completing the USM transition process.

CHAPTER 1: MARKET FEEDBACK AND OUR RESPONSES

11. This chapter summarises market feedback received during the consultation and sets out the Exchange’s responses to the key comments raised.

Respondent Profile

12. A total of 85 responses were received, of which 62 were institutional responses and 23 were personal views.

13. Among the 62 institutional responses, 44 were received from secondary market participants and 18 were from the primary market participants. A breakdown of the respondents by category¹¹ is set out in Table 1 below.

Table 1: Breakdown of respondents by category

Category	Number	Percentage
Primary Market		
Listed companies	8	9%
Listed company associations	2	2%
Law firms	8	9%
Secondary Market		
Exchange participants	26	31%
Secondary market associations	12	14%
Institutional investors	3	4%
Other institutions (e.g. system vendor)	3	4%
Personal Views		
Personal views	23	27%
Total	85	100%

A full list of respondents is set out in **Appendix I**, and responses are available on the Exchange’s [website](#).

Respondent Counting Methodology

14. A qualitative analysis has been adopted to consider the broad spectrum of respondents and their views appropriately. The qualitative analysis enabled us to give due weight to responses submitted on behalf of multiple individuals or institutions and the underlying rationale for a respondent’s position.

15. A quantitative analysis has also been used to determine the level of support, in purely numerical terms, for the proposal. Such analysis is set out in **Appendix II**.

¹¹ Respondents are grouped using their input in the consultation responses and are further categorised with the most appropriate descriptions.

16. For the avoidance of doubt, the number of responses received has been counted rather than the number of underlying respondents represented by those submissions in the quantitative analysis set out in **Appendix II**. For example, a submission by a professional association is counted as one response even though that association may represent multiple members.

Responses

17. Overall, the majority of respondents were supportive or had no opposition to the board lot framework proposal. Respondents acknowledged that the proposals enhance efficiencies across trading, clearing and settlement processes, as well as supporting investor participation in Hong Kong securities markets by making board lot values more accessible for retail investors. An overview of responses can be found in the following sections.

Board Lot Value Floor

18. Board lot value floor guidance establishes a minimum threshold for board lot values when board lots are set (e.g. IPO) or amended. The guidance is designed to help ensure that board lot values are sufficiently large so as to protect against negative value trades, where execution costs exceed trade value. The Consultation Paper proposes reduction of current board lot value floor guidance from HK\$2,000 to HK\$1,000, reflecting recent reductions in execution costs.
19. Market participants were asked whether they agreed that the board lot value floor guidance should be revised, and whether HK\$1,000 was an appropriate level for the floor.
20. All primary market respondents (100%) and the majority of secondary market (93%) and personal (87%) respondents either supported or had no opposition to lowering the board lot value floor.
21. With regard to the board lot value floor being set at HK\$1,000, all primary market (100%) respondents and the majority of secondary market (86%) and personal (65%) respondents either supported or had no opposition to this proposal.

Respondents' Comments

22. Respondents who supported the change noted that execution costs have reduced over time and that lowering the threshold to HK\$1,000 increases flexibility to trade in smaller sizes without increasing the risk of negative value trades. A minority of respondents opposed the change with some suggesting that the floor could be reduced further to stimulate trading, whilst others suggested a higher floor level would help to prevent the number of low value trades from becoming excessive.

Consultation Conclusion – Board Lot Value Floor

23. Having considered the respondents' views, the Exchange acknowledged that, whilst further reduction in the board lot value floor may potentially stimulate trading, the potential benefits need to be carefully balanced against the risk of an excessive number of low value trades. Therefore, in consideration of the reduction in execution costs over time, the Exchange has concluded that the proposal to lower the board lot value floor is in the best interest of the market. The Exchange will therefore proceed with implementation.

Board Lot Value Ceiling

Board Lot Ceiling Proposal

24. The proposed board lot value ceiling is intended to address situations where board lot values increase significantly over time as a result of share price appreciation, which can reduce affordability and limit investor participation. By introducing a board lot value ceiling, the Exchange aims to encourage timely adjustment of board lot units where appropriate, while preserving issuer flexibility and supporting a more accessible and orderly trading environment. The Consultation Paper proposed introducing a board lot value ceiling at HK\$50,000.
25. Market participants were asked whether they agreed with the introduction of board lot value ceiling guidance and whether HK\$50,000 was an appropriate level for the ceiling.
26. The majority of primary market (83%), secondary market (95%) and personal (78%) respondents either supported or had no opposition to the introduction of board lot value ceiling guidance.
27. In relation to setting the board lot value ceiling at HK\$50,000, overall market feedback was supportive, with a higher level of support expressed by primary and secondary market respondents compared with personal respondents. Specifically, 78% of primary market, 84% of secondary market and 57% of personal respondents either supported or had no opposition to this proposal.

Respondents' Comments

28. Those who supported the change noted that the introduction of a board lot value ceiling promotes greater accessibility for investors and that the ceiling level of HK\$50,000 is appropriate given the evidence provided in the Consultation Paper. Among respondents who opposed the proposed HK\$50,000 ceiling, there was no clear consensus on an alternative level. Some favoured a lower ceiling to enhance accessibility, while others suggested a higher ceiling to mitigate potential market impact.

Board Lot Ceiling Application

29. The Consultation Paper also sought views on whether the board lot value ceiling guidance should only apply to Applicable Securities with board lot units exceeding 100 shares. This approach was proposed to encourage gradual adoption of smaller board lot units where appropriate and supports longer-term alignment with market practices in other jurisdictions including the Chinese Mainland market to facilitate Southbound trading.
30. Overall market feedback was supportive, with a higher level of support expressed by primary and secondary market respondents compared with personal respondents. The majority of primary market (83%), secondary market (88%) and personal (57%) respondents either supported or had no opposition to this proposal.

Respondents' Comments

31. Majority of respondents acknowledged that only applying the ceiling to Applicable Securities with board lot units larger than 100 shares can encourage issuers to gradually adopt smaller board lot units and be more aligned with the Chinese Mainland market. A minority of respondents suggested applying the ceiling to all Applicable Securities to prevent market complexity and ensure consistent application of guidance across issuers.

Future Review of the Board Lot Value Ceiling Level

32. The final question on this topic was whether further reductions to the ceiling should be considered over time. Overall, market feedback indicated that there was more support than opposition for this approach, although the level of support was lower for primary market respondents compared to the market as a whole. Specifically, 61% of primary market respondents, 91% of secondary market respondents and 91% of personal respondents either supported or had no opposition to this proposal.

Respondents' Comments

33. While majority of respondents did not oppose further reducing the board lot value ceiling in the future, however some respondents suggested this should be further assessed after introducing the proposed board lot value ceiling.

Consultation Conclusion – Board Lot Value Ceiling

34. Having considered both the respondents' views, the Exchange noted that the majority of respondents support or have no opposition to the proposals related to introduction of a board lot value ceiling at HK\$50,000. Of the minority that do not support the proposed HK\$50,000 board lot ceiling level, there is no consensus on an alternative level or substantiated alternative put forward. The Exchange has concluded that the introduction of board lot value ceiling for Applicable Securities with board lot units exceeding 100 shares as proposed is in the best interests of the market. The Exchange will therefore proceed with implementation.

Standardisation of Board Lot Units

35. Standardisation of board lot units is designed to enhance the operational efficiency of the secondary market through reducing the number of board lot units in use from over 40 to eight defined options, while continuing to provide issuers with flexibility in selecting an appropriate board lot unit.
36. The eight board lot units of 1, 50, 100, 500, 1,000, 2,000, 5,000, and 10,000 share(s) were selected to accommodate issuers of Applicable Securities across different price levels, helping to minimise the number of issuers that would need to adjust their board lot units and the number of resultant corporate actions and odd lots.
37. Market participants were asked whether they supported standardisation of board lot units as a means of reducing market complexity and whether adopting the prescribed set of eight board lot units would be appropriate.
38. With regard to standardisation, the majority of primary market (83%), secondary market (98%) and personal (87%) respondents either supported or had no opposition to standardisation of board lot units.
39. With regard to the eight specific board lot units, the majority of market participants either supported, or had no opposition to adoption of the eight board lot units specified. However, acceptance levels were marginally lower among certain respondent groups, with 72% of primary market respondents, 79% of secondary market respondents and 60% of personal respondents indicating support or no opposition.
40. Respondents who did not support adopting the eight specific board lot units (37% of respondents in total) were asked a further question to determine whether they would prefer a larger or smaller number of board lot units. The majority of those who did not support adopting the eight specific board lot units indicated a preference for fewer board lot units.

Respondents' Comments

41. A limited number of respondents expressed a preference for the immediate adoption of a single unified board lot unit, rather than the adoption of the prescribed set of eight board lot options.
42. The Exchange has carefully considered this suggestion and while the Exchange recognises the potential long-term benefits of a single board lot unit in further reducing market complexity, direct transition to this structure would give rise to operational, implementation, and transitional challenges for issuers and market participants. The proposed approach of standardising board lot units to a prescribed set of options is intended to strike an appropriate balance between reducing fragmentation and preserving issuer flexibility, while allowing the market to adjust in an orderly manner. Standardisation to eight board lot units provides a practical pathway to facilitate potential future adoption

of a single unified board lot unit, should market conditions and readiness support such a move.

Consultation Conclusion – Standardisation of Board Lot Units

43. Having considered the respondents' views, and in particular the potential drawbacks of an immediate adoption of a single unified board lot unit, the Exchange has concluded that the standardisation of board lot units is in the best interests of the market. The Exchange will therefore proceed with implementation.

Implementation Plan

Transition Period

44. The final topic addressed in the Consultation Paper relates to the proposed implementation plan. Market participants were asked to provide views on implementation-related considerations.
45. Market participants were asked whether a six-month period would be an appropriate duration for issuers to adjust their board lot units or undertake other corporate actions, to comply with the new board lot framework. The majority of respondents (63%) either supported or had no opposition to the transition period proposed.

Respondents' Comments

46. Some issuers raised concerns about whether the proposed six-month period would provide sufficient time to go through the required process, such as internal approval, regulatory filings and shareholder communications, to implement the required changes.
47. The Exchange acknowledges these concerns and notes that, in addition to the designated implementation period, issuers retain flexibility to begin making arrangements to adjust their board lot units in advance, where appropriate. For example, issuers approaching the board lot value ceiling are not required to wait until the threshold has been exceeded before taking steps to change their board lot unit.

Two-Phase Implementation Plan

48. The proposed two-phase implementation approach (as set out in Chapter 2 of this paper) limits changes for existing issuers ahead of their securities transitioning to uncertificated shareholding under the USM regime, thereby reducing the need for reprinting physical share certificates and parallel trading.
49. Respondents were asked whether implementation of board lot unit standardisation should be aligned with the USM. The majority of primary market (94%), secondary market (98%) and personal (91%) respondents either supported or had no opposition to aligning implementation with USM.

Respondents' Comments

50. Most respondents supported alignment with USM, however a minority of respondents noted that complying with the board lot value ceiling guidance prior to transitioning to USM may result in the reprinting of a substantial number of physical share certificates. Whilst this issue can be mitigated through issuers of Applicable Securities undertaking earlier USM transition, however, the Exchange recognises that this is not possible for all issuers under the current USM framework. As such, issuers of Applicable Securities which are not Specified Prescribed Securities under the USM regime would not be expected to observe the board lot value ceiling guidance until such time as they are able to elect to undertake an earlier USM transition¹².

Anticipated Challenges

51. Finally, respondents were asked whether there were any anticipated challenges, including system-related issues, associated with implementing the proposed board lot framework.
52. Two common themes emerged from respondents' comments. First, some respondents noted that odd lot holdings may result from board lot unit changes and the subsequent need for enhancements to the existing odd lot trading mechanism. Second, respondents highlighted additional operational efforts that may be required, including deploying additional resources to carry out corporate actions, managing compliance risk, and enhancing system readiness to support increased order volumes.
53. The Exchange acknowledges the importance of the points raised by respondents. Enhancements to the current odd lot trading mechanism will be addressed separately and are discussed further in paragraph 57. The Exchange has also considered the operational efforts highlighted by respondents and will provide the market with sufficient preparation time to facilitate orderly implementation of the proposed changes.

Consultation Conclusion – Implementation Plan

54. Having considered the respondents' views, the Exchange has concluded that the proposed implementation plan is in the best interest of the market and will proceed with implementation.

Response to Additional Observations Raised by Respondents

55. In addition to comments on the specific proposals set out in the Consultation Paper, respondents raised a number of related observations. This section summarises those additional comments and sets out the Exchange's responses.

¹² Currently, Specified Prescribed Securities under the USM regime in general refers to shares of companies incorporated or constituted under the laws of Hong Kong, the Chinese Mainland, Bermuda or Cayman Islands.

Enhanced Odd Lot Trading Mechanism

56. As mentioned in paragraph 52, some respondents noted that odd lot holdings may result from board lot unit changes and the subsequent need for enhancements to increase the efficiency of the existing odd lot trading mechanism.
57. The Exchange acknowledges the need for enhancement and will undertake a two-step approach to be conducted in parallel. First, the Exchange has started enhancing market awareness and understanding of the existing semi auto-match mechanism through market education, in the form of both broker engagement and updated information on the HKEX website. Second, the Exchange is exploring to introduce a complementary auto-match odd lot trading mechanism towards the market close. The Exchange is finalising the details of the enhanced mechanism, with consideration to launch it earliest by Q3 2027, subject to regulatory approval and market readiness. Further details will be announced in due course.

Parallel Trading Arrangements

58. Parallel trading refers to a temporary period during which a security is traded under both a temporary trading counter and the original trading counter. This arrangement can occur during certain board lot unit changes and other corporate actions and is primarily designed to give holders of physical share certificates sufficient time to convert their certificates following these changes.
59. The Consultation Paper noted that with the adoption of USM and the associated decrease in dependence on physical share certificates, the necessity for parallel trading arrangements will be reduced. As a result, such arrangements will typically no longer be required for board lot unit changes relating to Applicable Securities that have completed transitioning to USM.
60. Through comments shared in the Consultation Paper responses, many market participants indicated their support for this approach. As such, the Exchange will proceed to remove parallel trading arrangements for board lot unit changes for Applicable Securities that have transitioned to USM. Parallel trading arrangements will, however, continue to apply to other corporate actions, such as share consolidations and sub-divisions, where the processes are more complex and the arrangements remain an important safeguard to ensure orderly trading and market integrity. For the avoidance of doubt, parallel trading will continue to apply to board lot unit changes for Applicable Securities prior to their completion of transition to the USM.
61. The Exchange will work closely with relevant stakeholders, including issuers, share registrars and market participants, to ensure a smooth transition. Further implementation details will be mentioned in paragraph 77.

Impact to Structured Products

62. A small number of respondents raised concerns regarding the potential impact of the proposed board lot framework enhancements on the liquidity of listed structured products, noting that a reduction in the board lot unit of the underlying securities could, under certain market practices, lead to smaller board lot sizes for related structured products. Respondents further noted that, when combined with the existing maximum order size limit, this could constrain the amount of liquidity that can be provided per order.
63. The Exchange has carefully considered these comments and would like to clarify that, under the board lot requirements of structured products set out in [product sheets](#), issuers of structured products are not required to align the board lot unit of a structured product on a one-for-one basis with the board lot unit of its underlying security. Issuers retain flexibility to determine the entitlement of one board lot of a structured product to a specified number of board lots of the underlying securities. Accordingly, a reduction in the board lot unit of the underlying security does not necessarily require a corresponding reduction in the board lot unit of the related structured product.
64. Taking this into account, the Exchange considers that the proposed enhancements are not expected, in themselves, to adversely affect liquidity provision in the structured products market. The Exchange will continue to monitor market developments following implementation of the new framework and will maintain engagement with relevant market participants to ensure orderly trading and investor protection.

Other Microstructure Enhancements

65. Some respondents also shared broader views on other potential microstructure enhancements, including further reductions in transaction fees and reductions in stamp duty. These comments were generally framed as part of a wider discussion on enhancing market efficiency, liquidity and competitiveness of the Hong Kong securities market.
66. The Exchange notes that these suggestions extend beyond the scope of the current consultation, which focuses on enhancements to the board lot framework. Many of the points raised involve cross-market, regulatory or infrastructure considerations, and would require separate assessment, consultation and, where applicable, coordination with relevant authorities and stakeholders.
67. The Exchange will continue to keep these views in mind as part of its ongoing review of market structure and will consider them, where appropriate, in the context of future initiatives and studies aimed at supporting the long-term development of the Hong Kong market.

CHAPTER 2: CONCLUSION AND IMPLEMENTATION

Overall Consultation Conclusion

68. The feedback received indicates that the majority of respondents either supported or had no opposition to the proposed enhancements to the board lot framework. The Exchange thanks respondents for providing their views during the consultation and, having considered the feedback received, will proceed with implementation of the enhancements to the board lot framework as outlined further below.

Implementation

69. As noted in the Executive Summary, a two-phase implementation approach will be adopted.

Phase 1 (effective 2 July 2026)

- **Prospective issuers** with IPO application filings (including the refiling of IPO applications lapsed before 2 July 2026) made on or after 2 July 2026 will be required to comply with **all components** of the new board lot framework.
- **Prospective issuers** with IPO application filings made before 2 July 2026 and **existing issuers** will only be required to comply with the updated **board lot value floor guidance** and the new **board lot value ceiling guidance**¹³. If they undertake corporate actions involving a change of board lot unit, share consolidation or share sub-division with a submission date of Trading Arrangement Form (CF093) on or after 2 July 2026, they will be required to comply with **all components** of the new board lot framework¹⁴.
- A **regular review cycle** will be introduced under the board lot value ceiling guidance to identify issuers who exceed the new board lot value ceiling guidance for rectification (see paragraph 74 below).

Phase 2 (effective upon the launch of USM on 16 November 2026)

- **All issuers** will be required to adopt **one of the standardised board lot units** within **six months** of completing the USM transition process¹⁵.
- The requirement to conduct parallel trading for a change of board lot unit will be removed for issuers who have completed the USM transition process.

70. Relevant guidance, including the Guide on Trading Arrangements for Selected Types of Corporate Actions, will be updated to reflect the new board lot framework and associated changes. Amendments to the Guide on Trading Arrangements for Selected Types of

¹³ Issuers who are not Specified Prescribed Securities under the USM regime, which are in general issuers incorporated outside Hong Kong, the Chinese Mainland, Bermuda, or Cayman Islands, would not be expected to observe the board lot value ceiling guidance until such time as they are able to elect to undertake an earlier USM transition.

¹⁴ For avoidance of doubt, issuers who are not Specified Prescribed Securities under the USM regime will also be required to comply with all components of the new board lot framework if they undertake the relevant corporate actions.

¹⁵ The scope of USM currently includes issuers incorporated in Hong Kong, the Chinese Mainland, Bermuda, or Cayman Islands. For avoidance of doubt, issuers incorporated in other jurisdictions will also only be required to adopt one of the standardised board lot units within six months of completing the USM transition process.

Corporate Actions are set out in **Appendix III**.

Practical Application

Board Lot Value Floor Guidance

71. Issuers will be required to follow the board lot value floor guidance upon initial listing, when the board lot unit is being changed, and when conducting share consolidation or sub-division.

Board Lot Value Ceiling Guidance

72. Issuers of Applicable Securities using a board lot unit of greater than 100 shares will be required to follow the board lot value ceiling guidance throughout the course of their listing, and issuers are expected to comply with the ceiling guidance (i) upon initial listing¹⁶; (ii) when the board lot unit is being changed¹⁷; and (iii) when they conduct a share consolidation or sub-division¹⁸.
73. The Exchange will introduce a regular review to identify issuers that are required to take action even if no change to board lot unit is effected and no share consolidation or share sub-division is being conducted.
74. The Exchange will conduct the regular review by calculating the average daily closing board lot value for each Applicable Security with board lot units greater than 100 shares over a six-month assessment period. The first six-month assessment period will commence in July 2026 and will run from January to June and from July to December each year. At the end of each six-month period, the Exchange will contact listed issuers whose average daily closing board lot value exceeds HK\$50,000. Such issuers are expected to take action (such as changing the board lot unit or undertaking a share sub-division) to promptly reduce the board lot value, but in any event within six months following the end of the relevant assessment period.
75. As mentioned in paragraph 50, issuers who are not Specified Prescribed Securities¹⁹ under the USM regime would not be expected to observe the board lot value ceiling guidance until such time as they are able to elect to undertake an earlier USM transition.
76. Going forward, information on the board lot value ceiling guidance will be available in the Guide on Trading Arrangements for Selected Types of Corporate Actions as shown in **Appendix III**.

¹⁶ Only applicable to prospective issuers with IPO application filings (including the refiling of IPO applications lapsed before 2 July 2026) made on or after 2 July 2026.

¹⁷ Only applicable to existing issuers with a submission date of Trading Arrangement Form (CF093) on or after 2 July 2026.

¹⁸ Only applicable to existing issuers with a submission date of Trading Arrangement Form (CF093) on or after 2 July 2026.

¹⁹ Currently, Specified Prescribed Securities under the USM regime in general refers to shares of companies incorporated or constituted under the laws of Hong Kong, the Chinese Mainland, Bermuda or Cayman Islands.

Parallel Trading

77. Parallel trading will no longer be undertaken for board lot unit changes of Applicable Securities that have completed the transition to USM. This will be effective from the launch of USM on 16 November 2026. Parallel trading arrangements will, however, continue to apply to other corporate actions, such as share consolidations and sub-divisions, where the processes are more complex and the arrangements remain an important safeguard to ensure orderly trading and market integrity. The Guide on Trading Arrangements for Selected Types of Corporate Actions will be amended to reflect this change.

APPENDIX I: LIST OF RESPONDENTS

Exchange Participants

1. Guotai Junan Securities (Hong Kong) Limited
2. Hafoo Securities Limited
3. Celestial Securities Limited
4. Korea Investment & Securities Asia Limited
- 5 – 26. EPs that requested anonymity

Secondary Market Associations

27. Asia Securities Industry & Financial Markets Association
28. CFA Society Hong Kong
29. Hong Kong Association of Online Brokers Limited
30. Hong Kong Institute of Financial Analysts and Professional Commentators Limited
31. Hong Kong Securities & Futures Professionals Association
32. Hong Kong Securities Association Limited
33. Hong Kong Securities Professionals Association
34. The Hong Kong Institute of Certified Public Accountants
- 35 – 38. Secondary market associations that requested anonymity

Institutional Investors

39. BOCOM International Asset Management Limited
- 40 – 41. Institutional investors that requested anonymity

Listed Companies

42. AIA Group Limited
43. Standard Chartered PLC
- 44 – 49. Listed companies that requested anonymity

Listed Company Associations

50. The Chamber of Hong Kong Listed Companies
51. Listed company association that requested anonymity

Law Firms

52. Freshfields
53. Herbert Smith Freehills Kramer
54. King & Wood Mallesons
55. Slaughter and May
- 56 – 59. Law firms that requested anonymity

Other Institutions

- 60. NH Investment & Securities Co., Ltd.
- 61 – 62. Other institutions that requested anonymity

Personal Views

- 63. Amelia Lo
- 64. Chan Chun Ngai
- 65. James Angel
- 66. Richard Teo Chok Teck
- 67. 許生
- 68. 劉建誠
- 69. 林海悅
- 70. 譚先生
- 71 – 85. Personal views that requested anonymity

APPENDIX II: QUANTITATIVE ANALYSIS OF RESPONSES

No.	Questions in the Consultation Paper	Number (%) of responses ²⁰ indicated:		
		Yes	No	No comment
1	Do you agree that the board lot value floor guidance should be revised? If not, please provide reasons.	72 (86%)	6 (7%)	6 (7%)
		<i>EPs' response (% market share)</i>		
		79%	3%	1%
2	Do you agree that the board lot value floor guidance should be revised to HK\$1,000? If not, please provide reasons.	59 (70%)	14 (17%)	11 (13%)
		<i>EPs' response (% market share)</i>		
		73%	4%	6%
3	Do you agree with introducing board lot value ceiling guidance? If not, please provide reasons.	64 (76%)	10 (12%)	10 (12%)
		<i>EPs' response (% market share)</i>		
		69%	0%	14%
4	Do you agree that the board lot value ceiling guidance should be set at HK\$50,000? If not, please provide reasons.	47 (56%)	21 (25%)	16 (19%)
		<i>EPs' response (% market share)</i>		
		69%	10%	4%

²⁰ Excluded response from the Hong Kong Securities and Futures Professional Association (HKSFPA). They submitted a format letter as their response, stating that they would provide a consolidated response but not respond point by point. Their comments are incorporated in our qualitative analysis.

No.	Questions in the Consultation Paper	Number (%) of responses indicated:		
		Yes	No	No comment
5	Do you agree with applying the board lot value ceiling guidance only to issuers whose board lot units exceed 100 shares in order to facilitate potential future adoption of a single board lot unit and support alignment with Chinese Mainland markets? If not, please provide reasons.	48 (58%)	18 (21%)	18 (21%)
		<i>EPs' response (% market share)</i>		
		28%	1%	54%
6	Do you support further reduction of the board lot value ceiling guidance in the future? If not, please provide reasons.	56 (67%)	13 (15%)	15 (18%)
		<i>EPs' response (% market share)</i>		
		22%	0%	61%
7	Do you support standardising board lot units as a pathway to reducing market complexity? If not, please provide reasons.	71 (85%)	7 (8%)	6 (7%)
		<i>EPs' response (% market share)</i>		
		79%	0%	4%
8	Do you support adopting the eight board lot units specified (1, 50, 100, 500, 1,000, 2,000, 5,000, 10,000 share(s))? If not, please provide reasons.	53 (63%)	23 (27%)	8 (10%)
		<i>EPs' response (% market share)</i>		
		65%	10%	8%

No.	Questions in the Consultation Paper	Number (%) of responses indicated:		
		Yes	No	No comment
9	If you do not support adopting eight board lot units, do you prefer a larger number of board lot units? If yes, please provide reasons.	4 (13%)	19 (61%)	8 (26%)
		<i>EPs' response (% market share)</i>		
		0%	14%	4%
10	(For issuers only) If a change is required, is six months an appropriate duration for an issuer to adjust its board lot unit or undertake other corporate action, to comply with board lot value ceiling guidance or standardisation of board lot units? If not, please provide reasons.	4 (50%)	3 (37%)	1 (13%)
		<i>EPs' response (% market share)</i>		
		<i>Q10 is not applicable to EPs</i>		
11	Do you support aligning implementation of standardisation of board lot units with the USM initiative? If not, please provide reasons.	59 (70%)	4 (5%)	21 (25%)
		<i>EPs' response (% market share)</i>		
		68%	1%	14%
12	Are there any anticipated challenges, such as system limitations, in implementing the proposed board lot framework?	34 (40%)	29 (35%)	21 (25%)
		<i>EPs' response (% market share)</i>		
		56%	23%	4%

APPENDIX III: AMENDMENTS TO THE GUIDE ON TRADING ARRANGEMENTS FOR SELECTED TYPES OF CORPORATE ACTIONS

Amended paragraphs in the Guide on Trading Arrangements for Selected Types of Corporate Actions are set out below.

1. Introduction

1.2 Under the enhanced board lot framework effective 2 July 2026, issuers of equity securities (except Equity Warrants, Investment Companies under Chapter 21, SPAC Shares and SPAC Warrants under Chapter 18B and Trading Only Securities¹) and REITs (collectively, **Applicable Securities**²) are required to comply with the board lot value floor guidance of HK\$1,000 and board lot value ceiling guidance of HK\$50,000³, and to adopt one of the eight standardised board lot units⁴ when they consolidate or sub-divide their shares and/or change their board lot size. Relevant requirements under the framework are set out in Sections 5 and 6 of this guide. In addition:

- i. The Exchange will review issuers' compliance with the board lot value ceiling guidance for Applicable Securities with a board lot size greater than 100 shares over a six-month assessment period, which will run from January to June and from July to December each year. Issuers whose average daily closing board lot value exceeds HK\$50,000 will be contacted and expected to take action (such as changing the board lot size or undertaking a share sub-division) to reduce the board lot value promptly, but in any event within six months following the end of the relevant assessment period.

Issuers of Applicable Securities that are not Specified Prescribed Securities under the Uncertificated Securities Market (USM) regime would not be expected to observe the board lot value ceiling guidance until they are able to elect to undertake an earlier USM transition; and

- ii. Issuer of Applicable Securities that are not using any of the eight standardised board lot units are required to do so by changing their board lot units within six months after completing the USM transition process.

¹ Referring to the 6 NASDAQ securities admitted to trading in the Nasdaq-Amex Pilot Program launched in 2000

² For avoidance of doubt, Exchange Traded Products, Debt Securities and Structured Products are excluded from the scope

³ Only Applicable Securities with a board lot size greater than 100 shares are required to comply with the board lot value ceiling guidance

⁴ The eight standardised board lot units are: 1, 50, 100, 500, 1,000, 2,000, 5,000 and 10,000 share(s)

2. Issues for attention

- 2.2 The guidelines in this document are developed and organised by types of corporate actions. In practice, issuers may initiate complicated events, involving multiple types of corporate actions. While the guidelines in this document refer to equities, they may also apply to other types of securities such as warrants and debt securities. For the avoidance of doubt, the board lot framework described in paragraph 1.2 above and the related requirements set out in this guide apply only on the Applicable Securities. If issuers encounter any difficulties, they can contact the designated case officers in the Listing Division for advice.

5. Share consolidation / subdivision⁴⁷²¹

- 5.5 New board lot size: In determining the new board lot size for the consolidated / subdivided shares, the issuer should note the following:

i. For issuers of Applicable Securities:

- (a) The issuer should select a new board lot unit from the specified set of 8 options: 1, 50, 100, 500, 1,000, 2,000, 5,000, and 10,000 share(s);
- (b) The expected board lot value should be greater than HK\$1,000, taking into account the minimum transaction costs for a securities trade; and
- (c) The issuer whose board lot size is greater than 100 shares²³, the expected board lot value should be less than HK\$50,000.

ii. For all issuers, irrespective of whether they are issuers of Applicable Securities:

- i.(a) The issuer should select a new board lot size which will minimise the creation of odd lots;
- ii.(b) The new board lot should be an integral multiple of the original board lot size for an increase in board lot size; or an integral divisor for a decrease in board lot size;
- iii.(c) The new board lot must be less than 900,000 shares; and
- iv.(d) Taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000. The issuer should comply with the applicable board lot value requirement set out in the Listing Rules.

⁴⁷²¹ Also applicable to warrant subdivisions or consolidations

²³ For the avoidance of doubt, where an issuer of Applicable Securities selects a board lot size of 100 shares or less, such an issuer would not be expected to observe the board lot value ceiling guidance.

5.10 Board lot size in temporary trading counter: To ensure one board lot in the temporary counter is equivalent to one board lot before the consolidation / subdivision, the board lot size in the temporary counter should be set according to the following formula:

$$\text{Temporary board lot size} = \frac{\text{Existing board lot size}}{\text{Basis of consolidation / subdivision}}$$

For example, a 2-into-1 share consolidation

- Existing board lot size = 21,000 old shares
- New board lot size = 42,000 new shares
- Temporary board lot size = 21,000 old shares divided by 2 (i.e. basis of consolidation as determined by the issuer)
- = 1,0500 new shares

	Original trading counter (board lot <u>size 21,000</u>)	Temporary trading counter (board lot <u>size 1,0500</u>)
Effective date	Temporarily closed	Opened for trading of old share certificates, in the temporary board lot size
↕ At least 10 business days		
First day of parallel trading	Trading of new certificates in new board lot <u>size</u> of 42,000	Trading of old share certificates, in the temporary board lot size
↕ At least three weeks		
After last day of parallel trading	Continue trading of new certificates in new board lot <u>size</u> of 42,000	Closure of temporary trading counter

5.15 Checklist for technical and operational matters in relation to a share consolidation / subdivision

The issuer is expected to provide affirmative answers to all the questions in the checklist.

* Please delete where inappropriate

Issue	Checked
4. <u>New board lot size</u> : In respect of the new board lot size for the consolidated / subdivided shares (G5.5),	
<ul style="list-style-type: none"> ▪ <u>If you are an issuer of Applicable Securities, have you selected the new board lot unit from one of the specified set of 8 options (i.e. 1, 50, 100, 500, 1,000, 2,000, 5,000, and 10,000 share(s))?</u> 	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ <u>If you are an issuer of Applicable Securities, is the expected board</u> 	<input type="checkbox"/>

Issue	Checked
<u>lot value greater than HK\$1,000?</u>	
<ul style="list-style-type: none"> ▪ <u>If you are an issuer of Applicable Securities selecting a board lot unit of greater than 100 shares, is the expected board lot value smaller than HK\$50,000?</u> 	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ Have you selected a board lot size which will minimise the creation of odd lots? 	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ Is the new board lot size an integral multiple / an integral divisor of the original one? (Board lot size: existing _____ shares; new _____ shares) 	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ Is it less than 900,000 shares? 	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ Is the expected board lot value greater than HK\$2,000? <u>Have you complied with the applicable board lot value requirement set out in the Listing Rules?</u> 	<input type="checkbox"/>

6. Change in board lot size

6.1 Basic concept: A board lot is the standard number of shares / units that constitutes one lot for trading in a particular security. Orders placed to the Exchange's cash market trading system for auto-matching must be a board lot or a multiple of a board lot. ~~In Hong Kong, there is no standard board lot size for listed securities. However, a majority of issuers adopt the board lot size of 1,000 shares or its multiple, with nearly half having 2,000 shares as a board lot. Sometimes, an issuer may change the board lot size to improve the trading liquidity of its securities.~~

6.2 With effect from 2 July 2026, the Exchange adopts a standardised set of board lot units of eight options: 1, 50, 100, 500, 1,000, 2,000, 5,000, and 10,000 share(s).

6.3 Standardisation of board lot unit: Each existing issuer of the Applicable Securities that is not using any of the eight board lot units mentioned above is required to change its board lot unit to one of these eight options within six months after the completion of its transition to USM²⁵.

6.35 New board lot size: In determining the new board lot size, the issuer should note the following:

²⁵ The scope of USM currently in general includes issuers incorporated in Hong Kong, the Chinese Mainland, Bermuda, or Cayman Islands. For avoidance of doubt, issuers incorporated in other jurisdictions will also only be required to adopt one of the standardised board lot units within six months of completing the USM transition process.

- i. For issuers of Applicable Securities:
- (a) The issuer should select a new board lot unit from the specified set of 8 options: 1, 50, 100, 500, 1,000, 2,000, 5,000, and 10,000 share(s);
 - (b) The expected board lot value should be greater than HK\$1,000, taking into account the minimum transaction costs for a securities trade; and
 - (c) The issuer whose board lot size is greater than 100 shares²⁶, the expected board lot value should be less than HK\$50,000.²⁷
- ii. For all issuers, irrespective of whether they are issuers of Applicable Securities:
- i.(a) The issuer should select a new board lot size which will minimise the creation of odd lots;
 - ii.(b) The new board lot should be an integral multiple of the original board lot size for an increase in board lot size; or an integral divisor for a decrease in board lot size;
 - iii.(c) The new board lot must be less than 900,000 shares; and
 - iv.(d) ~~Taking into account the basic transaction costs for a securities trade, the new board lot value should be greater than HK\$2,000. The issuer should comply with the applicable board lot value requirement set out in the Listing Rules.~~

6.810 Parallel trading: a change of board lot size may or may not require parallel trading, subject to the need for new share certificates. The duration of parallel trading usually lasts at least three weeks. For issuers which completed their transition to USM, parallel trading is not required upon change of board lot size.

6.911 Sample timetable for change in board lot size: The following table is compiled strictly as a sample for issuers' reference. It contains various assumptions (e.g. parallel trading) which may not apply to a specific case of a change in board lot size. Depending on the individual requirements of each exercise, the issuer should make necessary modifications.

²⁶ For the avoidance of doubt, where an issuer of Applicable Securities selects a board lot size of 100 shares or less, such an issuer would not be expected to observe the board lot value ceiling guidance.

²⁷ Issuers of Applicable Securities that are not Specified Prescribed Securities under the USM regime would not be expected to observe the board lot value ceiling guidance until they are able to elect to undertake an earlier USM transition.

Event	Remarks	Timeline*
Publication of the announcement		Day 1
First day of free exchange of share certificates	Commences 10 business days before the effective date and lasts for at least one month	Day 6
Last day for trading of the shares with old board lot size in the original counter	The business day before effective date	Day 15
Effective date of the new board lot size	At least 15 business days after the announcement date	Day 16
Original counter for trading in existing board lot size becomes a counter for trading in the new board lot size		9:00 a.m., Day 16
	On the effective date	
Temporary counter for trading in old board lot size opens		9:00 a.m., Day 16
First day of parallel trading		9:00 a.m., Day 16
Odd lot arrangement (if applicable)	Provided during the parallel trading period. Lasts at least three weeks	Day 16 to Day 30
Temporary counter for trading <u>in</u> old board lot <u>size</u> closes	Lasts at least three weeks	4:00 p.m. Market closing time [^] , Day 30
Last day for free exchange of share certificates	Ends at least two business days after the last day of parallel trading	Day 32

* Note: Timeline is counted in business days unless otherwise specified

[^] With the introduction of CAS, the market closing times are as follows:

	Full Day	Half-day
Non-CAS securities	4:00 p.m.	12:00 noon
CAS securities	4:10 p.m.	12:10 p.m.

6.102 Checklist for technical and operational matters in relation to a change in board lot size

The issuer is expected to provide affirmative answers to all the questions in the checklist.

* Please delete where inappropriate

Issue	Checked
2. <u>New board lot size</u> : In respect of the new board lot size for the securities (G6.35),	
<ul style="list-style-type: none"> ▪ <u>If you are an issuer of Applicable Securities, have you selected the new board lot unit from one of the specified set of 8 options (i.e. 1, 50, 100, 500, 1,000, 2,000, 5,000, and 10,000 share(s))?</u> 	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ <u>If you are an issuer of Applicable Securities, is the expected board lot value greater than HK\$1,000?</u> 	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ <u>If you are an issuer of Applicable Securities selecting a board lot size of greater than 100 shares, is the expected board lot value smaller than HK\$50,000?</u> 	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ Have you selected a board lot size which will minimise the creation of oddlots? 	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ Is the new board lot size an integral multiple / an integral divisor of the original one? 	<input type="checkbox"/>
Board lot size: Existing _____ shares / units; New _____ shares / units	
<ul style="list-style-type: none"> ▪ Is it less than 900,000 shares / units? 	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ Is the expected board lot value greater than HK\$2,000 <u>Have you complied with the applicable board lot value requirement set out in the Listing Rules?</u> 	<input type="checkbox"/>
<hr/>	
7. <u>Parallel trading</u> : In relation to the parallel trading (G6.810)	
<ul style="list-style-type: none"> ▪ <u>Have you completed the transition to USM? If yes, parallel trading is not required upon change of board lot unit.</u> 	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ Is the temporary counter established at least 10 business days before the first day of parallel trading? (_____ business days) 	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ Does the parallel trading period last at least three weeks? 	<input type="checkbox"/>

Issue

Checked

(_____days)
