

**Submitted via Qualtrics**

**Company / Organisation view**

**1. Do you agree that the board lot value floor guidance should be revised? If not, please provide reasons.**

Yes. UBS is broadly supportive of revisiting the board lot value floor guidance and is generally positive toward the proposal.

**2. Do you agree that the board lot value floor guidance should be revised to HK\$1,000? If not, please provide reasons.**

No comment.

**3. Do you agree with introducing board lot value ceiling guidance? If not, please provide reasons.**

Yes. UBS does not hold a strong view on the introduction of a board lot value ceiling.

**4. Do you agree that the board lot value ceiling guidance should be set at HK\$50,000? If not, please provide reasons.**

Yes. UBS is neutral on the proposed ceiling level of HK\$50,000.

**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.**

Yes. UBS does not have a specific view on the scope of issuers to which the ceiling should apply.

**6. Do you support further reduction of the board lot value ceiling guidance in the future? If not, please provide reasons.**

Yes. UBS does not have a view on whether the ceiling should be reduced further over time.

**7. Do you support standardising board lot units as a pathway to reducing market complexity? If not, please provide reasons.**

Yes. UBS supports the standardisation of board lot units as a means to reduce market complexity.

**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.**

Yes. UBS does not have strong views on the specific number of proposed board lot units and is generally supportive of the proposal.

**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.**

N/A

**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.**

N/A

**11. Do you support aligning implementation of standardisation of board lot units with the USM initiative? If not, please provide reasons.**

Yes. UBS supports the USM initiative. However, UBS sees significant challenges in implementing board lot changes for existing issuers if this requires parallel trading. These challenges are further outlined below.

**12. Are there any anticipated challenges, such as system limitations, in implementing the proposed board lot framework?**

Yes. Yes. UBS has identified several significant system and operational challenges:

1- Parallel trading for existing issuers

The most material challenge relates to changes in board lot sizes for existing issuers if parallel trading is required. UBS would be more comfortable with implementation if board lot changes can be effected without parallel trading.

If parallel trading can only be introduced following USM implementation, UBS would support deferring board lot adjustments for existing issuers until that time, in line with the ASIFMA recommendation. Parallel trading introduces substantial operational and trading complexity, including reliance on data vendors for accurate static data on new symbols, which is often inconsistent. It also creates system complexity for brokers, as the securities are treated similarly to new listings, with implications across trading, risk, and downstream systems.

2- Increase in odd lots and operational capacity considerations

While UBS supports standardisation to reduce market complexity, changes to lot sizes may result in an increase in odd lot trading, which adds operational overhead for brokers.

Additionally, reductions or removal of lot sizes could materially increase message traffic, raising concerns around exchange throttle capacity. UBS would welcome further clarity on HKEX's approach to managing these impacts and whether any support mechanisms would be considered for brokers.

3- Impact on warrants and CBBCs

Currently, there is a 3,000 lot limit on order placement across cash equities and derivatives such as warrants and CBBCs. As warrant and CBBC lot sizes are determined by conversion ratios and the underlying stock's lot size, a reduction in underlying lot sizes could result in very small tradable units. This may negatively affect market perception and issuer quoting behavior. For liquidity providers, excessively small lot sizes could disrupt quoting practices and impair market liquidity by forcing quotes at impractically small sizes. The 3000 lot size limit is also a consideration on cash equities if lot size are reduced especially on high volume days such as Index Rebalance days.

**13. Do you have any other comments regarding the board lot framework enhancements in the Hong Kong securities market?**

No comment.