

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. The current HK\$2,000 floor was set over a decade ago and does not reflect the significant reduction in execution costs that has occurred since then. Lowering the floor supports greater market accessibility, allowing more retail investors to participate, which aligns with the global trend toward fractional and small-lot investing.

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

Yes. HK\$1,000 is a more realistic threshold given current transaction costs and is a practical intermediate step toward our ultimate goal of a 1-share trading environment. Analysis shows that reducing the floor to HK\$1,000 would only cause a marginal (1.9%) increase in daily trades, making it a manageable change for market infrastructure.

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

Yes. High board lot values (e.g., over HK\$50,000) create significant barriers for retail investors and contradict the global shift toward democratized, fractional investing. A ceiling encourages issuers of high-priced stocks to adjust their lot sizes, making their shares more affordable and tradable for the average investor.

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

Yes. Data shows retail participation drops sharply once board lot values exceed HK\$50,000, making this a logical threshold to protect accessibility. While we ultimately support a 1-share system, HK\$50,000 is a pragmatic ceiling that addresses the most extreme cases of inaccessibility in the short term.

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. Exempting issuers with 100-share lots encourages gradual migration toward smaller, standardized units without forcing drastic changes on high-priced stocks.

This alignment with the Chinese Mainland's 100-share standard facilitates Southbound trading and creates a smoother pathway toward a potential future unified 1-share system.

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

Yes. To remain competitive with global markets embracing fractional trading, HKEX must progressively lower barriers, not maintain static thresholds. Periodic reviews and reductions of the ceiling will help nudge the market toward our ultimate goal of eliminating board lots entirely.

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

Yes. Reducing over 40 different lot types to a standardized set drastically simplifies trading, clearing, and settlement processes for all participants.

Standardization is a necessary prerequisite for any future move to a single unified board lot unit (e.g., 1 share), as it consolidates market structure incrementally.

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. While standardization is supported, retaining eight different units perpetuates complexity and falls short of the "1-share for all" ideal that best serves modern retail investors.

The inclusion of "1 share" as an option is positive, but allowing multiple higher units delays the full transition to a simple, unified system that global investors increasingly expect.

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. Aligning with the USM initiative minimizes market disruption by allowing issuers to handle board lot changes and the transition to electronic ownership simultaneously, optimizing resources.

It eliminates the costly and outdated requirement to reprint physical share certificates following board lot unit changes, which is a necessary step toward modernizing Hong Kong's market infrastructure.

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

Yes. While the proposal standardizes board lots, it does not adequately address the inefficiency of odd lot trading. To truly support retail investors moving toward 1-share trading, HKEX must upgrade its trading systems to handle odd lots (and eventually fractional shares) with the same speed and efficiency as standard board lots. The current semi-automated odd lot mechanism is insufficient for modern market demands.

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

While we support the proposed enhancements as an intermediate step, we urge HKEX to establish a clear roadmap toward adopting a single unified board lot unit of 1 share for all securities. The consultation paper correctly identifies challenges with low-priced stocks (paragraphs 36-44), but global trends in fractional share trading demonstrate that technology can overcome these hurdles. A 1-share system would completely eliminate the complexity of odd lots and align Hong Kong with leading international markets.