

9 March 2026

By Email (response@hkex.com.hk)

The Stock Exchange of Hong Kong Limited
8/F, Two Exchange Square
8 Connaught Place, Central, Hong Kong

Re: Consultation Paper on Enhancements in the Board Lot Framework in the Hong Kong Securities Market

Dear Sir/Madam,

The Asia Securities Industry & Financial Markets Association (“ASIFMA”)¹ sincerely appreciates the opportunity provided by The Stock Exchange of Hong Kong Limited (“the Exchange”) to comment on the Consultation Paper regarding Enhancements in the Board Lot Framework, published in December 2025. We support the Exchange’s initiative to modernize the market structure, as recommended by the Task Force on Enhancing Stock Market Liquidity, to improve pricing efficiency and safeguard investor rights.

Support for Standardization and Value Guidance

ASIFMA generally supports the proposal to create more consistency and predictability in board lot sizes. We agree that transitioning from over 40 distinct units to eight standardized board lot units will significantly reduce market complexity and operational risk. While we view the reduction from 44 to 8 units as a move in the right direction, we would support further simplification in line with international exchanges, potentially moving toward a single standard board lot (e.g., 1 share or 100 shares) or a maximum of two units for ultimate simplicity.

Furthermore, the proposed board lot value floor of HK\$1,000 and the new ceiling of HK50,000 appear reasonable to our members and should enhance retail investor accessibility while protecting against negative-value trades

¹ ASIFMA is an independent, regional trade association with over 150 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, professional and consulting firms, and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative, competitive, and efficient Asian capital markets that are necessary to support the region’s economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the GFMA alliance with SIFMA in the United States and AFME in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

DEVELOPING ASIAN CAPITAL MARKETS

Impact on Listed Structured Products and Market Liquidity

While supportive of the overall framework, our members have identified a critical indirect impact on the liquidity of Listed Structured Products (Warrants and CBBCs). Under current market practice, the board lot of a new Warrant or CBBC is calculated as the product of the underlying stock's board lot and its conversion ratio. As issuers of applicable securities switch to smaller lot sizes to comply with the new framework, the board lot sizes for related structured products will decrease accordingly.

This presents a challenge due to the Orion Trading Platform (OTP-C) parameter, which restricts the maximum order size to 3,000 board lots per order. If board lot units are reduced while this 3,000-lot cap remains unchanged, the absolute liquidity and value that market makers can provide per order will be substantially diminished. The resulting decrease in board lot units will impede the ability of liquidity providers to meet their Quote Request Obligations within existing system constraints, which will inevitably undermine investor protection. ASIFMA recommends that the Exchange increase the maximum order size beyond 3,000 board lots in conjunction with the reduction of board lot units to ensure market liquidity is maintained.

Enhancements to Odd Lot Trading

Regarding the Exchange's review of the odd lot trading mechanism, ASIFMA suggests referencing the Taiwanese market model, which features a robust parallel board operating during regular market hours and a post-close facility. Our members believe a mechanism that allows for continuous odd lot trading and a final "print" shortly after the close (e.g., at 4:30 pm) would greatly improve execution efficiency and price discovery.

Implementation Timeline

Finally, ASIFMA recommends that these enhancements be implemented after the Uncertificated Securities Market ("USM") proposal. This coordination will ensure there is no parallel trading, making the transition easier for all market participants.

ASIFMA looks forward to further engagement with the Exchange on these technical adjustments. Please feel free to contact us for further discussion.

Sincerely,



Lyndon Chao
Managing Director, Head of Equities
Asia Securities Industry and Financial Markets Association
E: lchao@asifma.org
P: +852 2531 6550 / 9826 8020