



By email (info@hkex.com.hk/ response@hkex.com.hk)

11 March 2026

Our ref: C/CFC, M142256

Hong Kong Exchanges and Clearing Limited
8th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Sirs,

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

The Corporate Finance Committee (“CFC”) of Hong Kong Institute of Certified Public Accountants (“the Institute”) has reviewed the Consultation Paper on Board Lot Framework Enhancements in the Hong Kong Securities Market (“CP”) issued by the Stock Exchange of Hong Kong Limited (“the Exchange”), and would like to submit its views, as set out below, in response to the invitation for written comments on the proposal.

CFC members broadly agree with the proposals and in the CP, with a view to supporting the development of a clear, credible and internationally-aligned practice in the securities market in Hong Kong. We set out below our comments on specific questions to elaborate further.

Q1: Do you agree that the board lot value floor guidance should be revised? If not, please provide reasons.

Q2: Do you agree that the board lot value floor guidance should be revised to HK\$1,000. If not, please provide reasons.

The Institute supports the proposal to revise the board lot value floor from HK\$2,000 to HK\$1,000, to safeguard against negative-value trades while improving accessibility for retail investors.

Q3. Do you agree with introducing board lot value ceiling guidance? If not, please provide reasons.

Q4. Do you agree that the board lot value ceiling guidance should be set at HK\$50,000? If not, please provide reasons.

Q5. 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.

Q6. Do you support further reduction of the board lot value ceiling guidance in the future? If not, please provide reasons.



The Institute supports the proposal to set the board lot value ceiling at HK\$50,000, generally.

However, we note that HKEX has proposed that issuers currently using a board lot unit of 100 shares or less would not be required to amend their board lot unit or reduce the board lot value. The messaging around the rationale for this distinction will need to be clear. We would also like to seek clarification regarding (i) what steps HKEX will take, in practice, to encourage issuers to lower their board lot unit, if the board lot value of their stock exceeds HK\$50,000, as suggested in paragraph 66 of the CP, and (ii) how the board lot value ceiling will be standardised in the long run, if board lots unit of less than 100 shares are excluded from this framework.

Yes, the Institute supports the proposal to further reduce the board lot value ceiling in the future to improve accessibility for retail investors. However, the practical implementation of this proposal will ultimately depend on how board lot units are defined and applied under the new framework.

Q7. Do you support standardising board lot units as a pathway to reducing market complexity? If not, please provide reasons.

Q8. 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.

Q9. 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.

The Institute supports standardising board lot units as a pathway to reducing market complexity in general, but recommends reducing the board lot units to fewer than the proposed eight units in the first instance, so as to take a more ambitious step and, potentially, be able to move more quickly towards the end goal of a single unified board lot.

Currently, Hong Kong does not have a one-share board lot. Introducing such a unit would align Hong Kong with what is increasingly seen as international best practice, where single-share trading is common. It would lower entry barriers for retail investors and foster greater liquidity across all listed securities. Since there is no existing one-share board lot distribution in the Hong Kong market, establishing a single-share unit would not create significant disruption or impact.

The Institute would, therefore, recommend reducing the number of standardised board lot units to 4 including 1-share, 100-shares, 2000-shares, and 10,000-shares.

A two-phase implementation would prolong uncertainty and create inefficiencies, as issuers and investors must adapt twice. In principle, a one-step transition to a simplified set of board lot units would minimise uncertainty and reduce costs associated with repeated adjustments. It would also make sense to align with the implementation of the Uncertificated Securities Market (USM) initiative in one go.

However, if it is considered that such a move would have too big an impact on the Hong Kong market from a practical point of view, as an alternative to implementing a



single-phase transition for all issuers, both existing and new, we would suggest that, at least, HKEX should set a clear and definite timeline for implementing Phase Two.

Q10. (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.

Not applicable.

Q11. Do you support aligning implementation of standardisation of board lot units with the USM initiative? If not, please provide reasons.

Yes, the Institute supports this proposal, so that issuers that will have to change their board lot units to fall in line with the new framework, will not need to reprint share certificates.

Q12. Are there any anticipated challenges, such as system limitations, in implementing the proposed board lot framework?

The Institute has no comment on this.

The Institute would also suggest that HKEX consider developing a plan to deal with the preponderance of “penny stocks” on the market. It is surprising to learn (from paragraph 36 and Figure 6 of the CP) that, even now, many years after this issue was first raised as a concern, 56% of stocks on the market are still low-priced stocks, i.e., trading at \$0.01 to \$1. Without a clear strategy to address this issue, the benefits of board lot reform may be diluted, as penny stocks complicate retail participation and risk management, as well as affecting the image of the Hong Kong stock market as a modern, sophisticated, international exchange.

Yours faithfully,

Peter Tisman
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PMT/JL/pk