

**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. Yes, we agree that the board lot value floor guidance should be revised. Market conditions have evolved significantly since the HK\$2,000 floor was established, including a substantial reduction in execution costs (from 23 bps to 11 bps for a HK\$2,000 trade between 2015 and 2025) and a high concentration of low-priced securities in Hong Kong. A revised floor will enhance market accessibility for retail and institutional investors, improve operational efficiency, and still mitigate the risk of negative-value trades—aligning the framework with current market reality.

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

Yes. Yes, we agree the board lot value floor guidance should be revised to HK\$1,000, as this level is a pragmatic, market-aligned adjustment that balances core safeguards against negative-value trades with improved accessibility and operational efficiency, fully justified by HKEX's empirical analysis of Hong Kong's securities market dynamics:

1. Reflects lower execution costs: Trading costs for a HK\$2,000 board lot have halved (23 bps to 11 bps) since the original HK\$2,000 floor was set, eliminating the risk of execution costs exceeding trade value for a HK\$1,000 board lot—even when accounting for broker commissions and spreads.

Minimal market infrastructure impact: A HK\$1,000 floor will only increase daily cash market trades by an estimated 1.9% (66,823 additional trades), a manageable level that avoids straining trading, clearing or settlement systems (in contrast, lower floors like HK\$500/\$100 would trigger 5.8–36.6% trade volume growth).

2. Accommodates Hong Kong's unique market structure: Over 56% of applicable securities are priced at HK\$1 or below; a HK\$1,000 floor reduces the required board lot size for these low-priced stocks, lowering retail entry barriers while avoiding excessive stock consolidations (a risk of even lower floor levels).

Flexible application rules: The floor only applies at listing, board lot unit changes or corporate actions—no issuer action is required if a board lot's value falls below HK\$1,000 due to market-driven share price declines, preventing unnecessary operational disruptions.

3. Supports broader framework modernization: The HK\$1,000 floor aligns with the proposed 8 standardised board lot units and HK\$50,000 ceiling, minimising issuer adjustments (~25% of applicable securities) and odd lot creation, while laying groundwork for a potential future single unified board lot unit.

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

Yes. Yes, we agree with introducing board lot value ceiling guidance—this targeted measure addresses a critical gap in the current framework, boosts retail investor access, and supports the modernization and cross-market alignment of Hong Kong’s securities market with minimal disruption:

1. Removes retail participation barriers: Many securities have seen board lot values surge exponentially (some over 1,700%) as prices rose while retaining original board lot units, making single board lots prohibitively expensive for retail investors and creating concentration risk; the ceiling incentivises issuers to lower board lot units for high-value stocks, improving affordability.
2. Creates a balanced, structured board lot framework: Paired with the revised HK\$1,000 floor and 8 standardised board lot units, the ceiling establishes clear upper and lower bounds for board lot values—fixing the current unregulated system and reducing market complexity by ensuring values stay within investor-friendly ranges.
3. Supports global/Mainland China market alignment: Applying the ceiling only to securities with board lot units >100 shares encourages adoption of the 100-share unit (Mainland’s standard), streamlining Southbound Stock Connect trading and laying groundwork for a potential future single unified board lot unit (a global major exchange norm).
4. Minimal market disruption: As of Aug 2025, only 16 applicable securities exceed the proposed HK\$50,000 ceiling (3 are exempt for using ≤100-share units), meaning very few issuers need to adjust their board lot units.
5. Data-backed and pragmatic application: HKEX’s 2024 data shows retail participation drops sharply for stocks with board lot values >HK\$50,000 (from 17-22% to 13%); the ceiling applies on an ongoing basis (unlike the floor) to prevent values from becoming unaffordable over time as prices appreciate.

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

Yes. Yes, we agree the board lot value ceiling guidance should be set at HK\$50,000—this is a pragmatic, evidence-backed threshold that achieves the core goal of boosting retail access with minimal market disruption, and aligns with HKEX’s broader board lot framework modernization:

1. Data validates the threshold: 2024 retail participation remains stable (17–22%) for board lot values of HK\$10k–50k, but drops sharply to 13% for values above HK\$50k, confirming this level targets only securities where high values meaningfully restrict retail investment.
2. Minimal implementation impact: As of August 2025, only 16 applicable securities exceed HK\$50,000, with 3 exempt (≤100-share board lot units)—just 13 issuers need to adjust their board lot units, avoiding widespread disruption or odd lot creation.

3. Targets the root issue: The ceiling addresses high board lot values caused by outdated large board lot units (not natural share price appreciation), the key barrier to retail participation, without interfering with high-priced stocks' normal pricing dynamics.

4. Complements broader reforms: HK\$50,000 works with the revised HK\$1,000 floor and 8 standardised board lot units to create a balanced, predictable framework, while supporting alignment with Mainland China's 100-share unit and HKEX's long-term goal of a single unified board lot unit.

5. Ongoing application prevents future barriers: Unlike the floor (applied only at listing/corporate actions), the HK\$50,000 ceiling applies continuously, stopping board lot values from becoming prohibitively expensive over time as stock prices rise—fixing a critical gap in the current framework.

**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. Yes, we agree the board lot value ceiling should only apply to issuers with board lot units over 100 shares—this targeted rule advances strategic market goals with minimal disruption:

1. Incentivises a gradual shift to a 100-share unit (the global/Mainland China standard), laying groundwork for a future single unified board lot unit and aligning with 33% of HKEX's daily turnover that already uses 100 shares.

2. Streamlines Stock Connect trading and A/H share alignment with Mainland China's 100-share universal unit, boosting cross-border efficiency.

3. Avoids unnecessary disruption for high-priced stocks with  $\leq 100$ -share units (their high board lot values stem from normal price appreciation, not structural issues), preventing odd lot creation and corporate action costs.

4. Targets the ceiling at the root cause of unaffordable board lots—overly large units—rather than market-driven price growth.

5. Minimises implementation impact: only 13 issuers need to adjust units (3 of 16 ceiling-exceeding securities are exempt for using  $\leq 100$ -share units).

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

Yes. Yes, we support further reduction of the board lot value ceiling guidance in the future, on a gradual, data-driven basis following the successful rollout of the initial HK\$50,000 ceiling:

1. It will further boost retail access to high-priced securities, reduce entry barriers and concentration risk for retail investors.

2. It continues to incentivise issuers to adopt smaller standardised board lot units, supporting HKEX's long-term goal of a single 100-share unified board lot unit (aligned with Mainland/global practices).
3. The initial HK\$50,000 ceiling is a low-impact starting point; future reductions can be calibrated based on post-implementation market feedback and adaptation, avoiding premature disruption.
4. Full USM rollout will enhance market infrastructure efficiency, enabling the market to absorb minor operational changes from a lower ceiling.

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

Yes. Yes, we fully support the standardisation of board lot units as a core pathway to reducing market complexity—this is a pragmatic, evidence-backed measure that directly addresses the inefficiencies of the current issuer-led framework (with over 40 disparate board lot units) and delivers wide-ranging operational, trading and cross-market benefits for all Hong Kong securities market participants, while aligning with HKEX's long-term modernisation goals.

1. Eliminates operational inefficiencies: The current 44 distinct board lot units increase input/booking errors, complicate clearing/settlement workflows and raise system configuration costs for market participants; standardisation streamlines these processes and reduces operational risk across the trade lifecycle.
2. Improves trading and hedging precision: Consistent board lot units enhance the effectiveness of trading, arbitrage and hedging strategies by increasing the likelihood of uniform lot sizes across correlated securities, while improving alignment between underlying assets and associated products (e.g., derivatives, ETPs) and minimising complex adjustments for market makers/liquidity providers.
3. Lowers market friction for domestic and international investors: Standardisation makes the Hong Kong market more intuitive and accessible for retail investors, Mainland China's Stock Connect participants and global investors—reducing the learning curve for cross-border trading and reinforcing Hong Kong's role as an international financial hub.
4. Facilitates the long-term transition to a single unified board lot unit: By narrowing board lot units to a defined, standardised set, the measure lays a structured foundation for a potential future shift to a single unified unit (a global norm for major exchanges) – a key long-term objective – without the disruptive immediate overhaul the market is not yet ready for.
5. Balances standardisation with issuer flexibility: The proposed framework retains issuer discretion to select a board lot unit from the standardised set that suits their security's price level (e.g., larger units for low-priced stocks, smaller units for high-priced stocks), minimising the need for corporate actions and odd lot creation while still driving meaningful simplification.

6. Minimises implementation disruption: Standardisation to the proposed 8 units impacts only ~25% of issuers (657 securities) and 22% of ADT—achieving material complexity reduction without widespread market disruption, and aligning with the USM initiative to optimise issuer resource allocation.

**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. Yes, we support adopting the eight specified board lot units (1, 50, 100, 500, 1,000, 2,000, 5,000, 10,000 shares)—this set is a pragmatic, balanced choice that achieves meaningful market simplification while minimising disruption, and aligns with HKEX's short and long-term framework goals:

1. Covers all price levels: The units cater to every type of applicable security, from high-priced stocks (1/50/100 shares) to low-priced stocks (5,000/10,000 shares), ensuring issuers can select a unit that meets the revised floor/ceiling guidance.
2. Minimises market impact: Only ~25% of issuers need to adjust their units (657 securities), with low levels of potential share consolidations (5%) and odd lot creation (10%)—far more manageable than a 6-unit set (32% impacted issuers) and more impactful than a 10-unit set (18% impacted, limited simplification).
3. Supports operational efficiency: Reduces the current 44 disparate units to a streamlined set, cutting input errors, simplifying clearing/settlement, and improving alignment between underlying securities and associated products (e.g., derivatives).
4. Lays groundwork for future unification: The set includes the 100-share unit (Mainland/global standard), incentivising gradual adoption and smoothing a potential future transition to a single unified board lot unit.
5. Retains issuer flexibility: Issuers still have discretion to choose a unit that fits their security's characteristics, avoiding the rigidity of an immediate single unified unit while driving meaningful standardisation.

**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. Yes, we support aligning the implementation of board lot unit standardisation with the USM initiative—this delivers critical operational and efficiency benefits with minimal market disruption:

1. Avoids redundant work for issuers (no reprinting of physical share certificates for board lot changes, optimising resources).
2. Reduces cumulative market disruption by implementing two key modernisation reforms in tandem.
3. Eliminates parallel trading for board lot unit changes (a byproduct of USM's electronic share transfer), simplifying trading workflows.
4. Creates synergies to fast-track the upgrade of Hong Kong's market infrastructure and reinforce its global financial centre status.
5. Enables unified regulatory guidance for both reforms, reducing confusion and streamlining compliance for all stakeholders.

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

Yes. Yes, there are manageable technical, operational and transition challenges associated with implementation, most tied to system updates, short-term market adjustments and alignment with the USM initiative—all addressable via HKEX's proposed phased rollout and stakeholder coordination. Key challenges include:

1. System limitations/updates: Legacy trading, clearing and settlement systems for brokers, custodians and cross-border (Stock Connect) participants may have hardcoded board lot parameters, requiring reprogramming/testing to support the 8 standardised units and new floor/ceiling rules.
2. Operational disruption & odd lots: ~25% of issuers need board lot adjustments, creating odd lots (10% of securities) that add short-term manual processing work for market participants and risk minor settlement delays.
3. Associated product impacts: Derivatives, structured products and ETPs tied to underlying board lot units need contract term revisions; market makers may face temporary hedging inefficiencies during the transition.
4. USM alignment dependency: Delays in the Uncertificated Securities Market rollout would directly delay board lot standardisation for existing issuers, creating short-term market uncertainty.

5. Education & compliance risks: Retail investors/broker staff need training on the new framework to avoid order errors; issuers face minor compliance risks if failing to align with the HK\$50,000 ceiling/standardised units.

6. Fee model adjustments: Remaining per-board-lot fees require system updates for financial institutions, with short-term pricing confusion possible for investors until alignment is complete.

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

NA