

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, in view of the reduced cost of executing low-value trade, we agree the proposed revised board lot value floor guidance provides flexibility for investors to trade in smaller sizes without increasing the risk of incurring negative value trades.

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 proposed revised board lot value floor guidance at HK\$1,000 rather than even lower values minimise longer term risk of negative value trades in the event of stock price depreciation.

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

Yes. Yes, by introducing a board lot value ceiling guidance, this will reduce the number of Applicable Securities with relatively high board lot values, hence promoting greater affordability and accessibility for investor and reducing the cost of each board lot. This could lower investment barriers and allows investors to better diversify their holdings and reduce their overall exposure.

This may also improve the liquidity of the securities with high board lot values.

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

Yes.

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, agree this would support alignment with markets in Chinese Mainland and facilitate Southbound trading and support issuers of both 'A' and 'H' shares who wish to align board lot units across the Chinese Mainland and Hong Kong markets.

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

Yes. Yes, as the steps toward the eventual abolition of the board lot requirement. Please see our response to question 7.

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

Yes. Yes, we agree this would enhance secondary market and operation efficiencies, and is in line with other international exchanges' trend towards consolidation and simplification of board lot units.

We also note and agree with allowing a sufficient range of board lot units to allow flexibilities for listed issuers to determine their board lot units to accommodate securities across different price levels.

In the longer term, we recommend the complete abolition of board lot. Many overseas jurisdictions do not impose board lot requirements. Moreover, the removal of board lots would streamline rights issue and open offer logistics by eliminating odd lot trading.

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 agree this option tries to achieve balance in attaining meaningful reduction in the number of board lot units while limiting implementation impact.

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 agree this will enhance the efficiency of the Uncertificated Securities Market Initiative by eliminating the need to reprint share certificates following board lot unit changes and facilitates the removal of parallel trading

for board lot unit changes relating to Applicable Securities that have migrated to USM.

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

Yes. During the initial implementation of the amended board lot framework, the number of daily trades in the market may be affected. Market participants will require time to adapt to the new framework and to understand the statistical outcomes and implications arising from the revised trading data.

Moreover, its initial implementation may impose material costs on certain listed issuers and market participants, particularly in managing the resulting odd lots, which are costly to handle.

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

As set out in question 7 above, in the longer term, we recommend the complete abolition of board lot. Many overseas jurisdictions do not impose board lot requirements. Moreover, the removal of board lots would streamline rights issue and open offer logistics by eliminating odd lot trading.