



## HKEX Consults on Proposed Enhancements to Hong Kong's Board Lot Framework

On 18 December 2025, the Hong Kong Stock Exchange (**HKEX**) published a [consultation paper](#) on proposed enhancements to the board lot framework in the Hong Kong securities market.<sup>1</sup> The consultation period will run for 12 weeks, closing on 12 March 2026. The HKEX intends to publish a consultation conclusions paper by the end of the first half of 2026. The proposed enhancements were recommended by the Task Force on Enhancing Stock Market Liquidity established by the Hong Kong Government in August 2023 and were noted in the 2025-26 Budget.

### Hong Kong's Current Board Lot Framework

A board lot defines the number of shares per trading unit in the securities market and is a fundamental component of market structure. Its aim is to facilitate orderly trading by aligning buyer and seller interest in comparable quantities, while also supporting operational efficiency in clearing and settlement processes.

Hong Kong's current board lot framework allows listed companies to determine the board lot unit for their own stock. As a result, there are more than 40 different board lot units currently in use. The most common board lot unit is 2,000 shares, which is used by 25% of listed companies, while the largest proportion of average daily turnover (33%) and market capitalisation (30%) is attributable to securities with a board lot unit of 100 shares.

The HKEX has identified that this wide distribution of board lot units has created complexity across trading, clearing and settlement processes; increased the risk of input and operational errors; complicated hedging and product alignment; and in some cases resulted in high board lot values for individual securities, potentially limiting retail investor participation.

### Scope of HKEX's Proposed Board Lot Framework

The proposed new board lot framework will apply to equities (excluding equity warrants, investment companies listed under Chapter 21 of the Main Board Listing Rules trading only securities, SPAC shares and SPAC warrants) and REITs (collectively, **Applicable Securities**). Exchange traded products, debt securities and structured products are excluded from the proposal's scope.

<sup>1</sup> HKEX. December 2025. Consultation Paper on Board Lot Framework Enhancements in the Hong Kong Securities Market

## Consideration of a Single Unified Board Lot Unit

The HKEX reviewed board lot practices across 15 major exchanges as part of its assessment of potential improvements to the Hong Kong board lot framework. The review identified a consistent approach among the exchanges surveyed, with most adopting a single unified board lot unit of either 1 or 100 shares.

While the HKEX recognised the potential benefits of a single unified board lot unit, it concluded that several factors present substantive challenges to its immediate adoption in Hong Kong. These factors include market structure implications, operational capacity constraints and implementation complexity.

In relation to market structure implications, stock prices in the Hong Kong securities market are not evenly distributed, with 56% of Applicable Securities priced at HK\$1.0 or below. Issuers of low-priced stocks typically adopt larger board lot units to help ensure that the board lot value exceeds typical trading costs. Moving to a single unified board lot unit would remove the flexibility that listed companies currently have in determining board lot units, which would be particularly impactful for low-priced stocks, resulting in a high percentage of negative value trades where trade cost exceeds trade value. The HKEX also noted that it has a disproportionate number of low-priced stocks compared to most other markets and that many other markets do not have fixed notional execution costs. Additionally, if the top levels of an order book become populated with very low-value single board lot orders, this may result in quote flickering, contributing to short-term volatility and negatively impacting the price discovery process.

In relation to operational capacity constraints, the HKEX noted that reducing board lot units on a market-wide basis may result in a significant increase in daily trade volumes, which may pose practical challenges for some market participants in terms of operational capacity and system readiness.

In relation to implementation complexity, the HKEX noted that a transition from the current framework to a single unified board lot unit would require more than 95% of listed companies to revise their board lot units, representing a significant operational undertaking. There is no international precedent for a market with the level of board lot variation seen in Hong Kong to transition directly to a single unified board lot unit.

The HKEX has indicated that it remains committed to modernising the board lot framework and recognises the potential long-term benefits of a single unified board lot unit. It will collaborate closely with relevant stakeholders to guide the market towards a position where the adoption of a single unified board lot unit may become feasible in the future.

## Overview of the HKEX's Board Lot Proposals

The proposed new board lot framework comprises three components: reducing the board lot value floor guidance from HK\$2,000 to HK\$1,000; introducing guidance on a board lot ceiling value of HK\$50,000; and standardising board lot units to a set of eight specified units.

As of the end of June 2025, the proposed new board lot framework would result in 657 securities (approximately 25% of the 2,680 Applicable Securities) needing to change their board lot units. These securities accounted for around 22% of the average daily turnover of all Applicable Securities during the first half of 2025.

## HKEX Proposed Board Lot Value Floor Guidance

Board lot value floor guidance<sup>2</sup> seeks to ensure that, upon listing and when undertaking board lot unit changes, listed companies select a board lot unit that results in a reasonable board lot value. The objective of this guidance is to protect against negative value trades, where the execution cost exceeds the value of the trade.

The current board lot value floor guidance provides that board lot values should be no less than HK\$2,000, a threshold that has not been revised for at least ten years. Over this period, execution costs for low-value trades have declined, primarily due to the replacement of most fixed notional fees with fees based on value traded. As a result, the cost of executing a HK\$2,000 trade has fallen from 23 basis points in 2015 to 11 basis points in 2025. The HKEX proposes to lower the board lot value floor guidance from HK\$2,000 to HK\$1,000. This revised threshold is intended to provide market participants with greater flexibility to execute trades in smaller amounts without increasing the risk of negative value trades. The HKEX estimates that reducing the board lot value floor to HK\$1,000 would result in a 1.9% increase in the number of daily trades.

<sup>2</sup> Guide For New Listing Applicants (Section 3.13(3)(ix)), available at: [https://en-rules.hkex.com.hk/sites/default/files/net\\_file\\_store/HKEX4476\\_6179\\_VER36277.pdf](https://en-rules.hkex.com.hk/sites/default/files/net_file_store/HKEX4476_6179_VER36277.pdf), and Guide on Trading Arrangements for Selected Types of Corporate Actions (paragraph 6.3), available at: [https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Listed-Issuers/Practices-and-Procedures-for-Handling-Listing-related-Matters/d\\_ta.pdf](https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Listed-Issuers/Practices-and-Procedures-for-Handling-Listing-related-Matters/d_ta.pdf)

The board lot value floor guidance will apply only at listing, when listed companies change their board lot units, and when they carry out corporate actions such as share consolidations or sub-divisions. Listed companies would not be required to take any action if their board lot value falls below HK\$1,000 purely as a result of a decline in their share price.

### **Proposed Introduction of Board Lot Value Ceiling Guidance**

The average board lot value of Applicable Securities at the time of listing is approximately HK\$5,132. However, as some securities have appreciated in price over time and listed companies have retained their original board lot units, the board lot values of these securities have increased significantly. High board lot values can act as a barrier to retail investor participation, as the cost of purchasing a single board lot may become prohibitively expensive. Additionally, investors who are able to afford a single board lot may face concentration risk if they lack sufficient funds to diversify or hedge their portfolios.

HKEX proposes introducing board lot value ceiling guidance of HK\$50,000 to help reduce the number of Applicable Securities with relatively high board lot values. Under this guidance, listed companies would be encouraged to reduce their board lot unit if the board lot value of their stock exceeds the specified ceiling.

In contrast to the board lot value floor guidance, which applies when listed companies set or adjust their board lot units, the proposed board lot value ceiling guidance would apply on an ongoing basis to address situations where share prices appreciate over time.

To facilitate a potential future transition to a single unified board lot unit and to support alignment with markets in the Mainland which use a board lot unit of 100 shares, the board lot value ceiling would apply only to securities with board lot units larger than 100 shares. For example, a stock with a stock price of HK\$605 and a board lot unit of 100 shares would have a board lot value of HK\$60,500, exceeding the proposed board lot value ceiling level of HK\$50,000. As the listed company is using a board lot unit of 100 shares, it would not be expected to reduce its board lot unit to follow the board lot value ceiling guidance.

As of 31 August 2025, 16 listed companies have board lot values that exceed the proposed board lot value ceiling. Of those 16, three are using a board lot unit of 100 shares or less and would not be expected to reduce their board lot value.

### **Standardisation of Board Lot Units for HKEX-listed Companies**

The HKEX proposes to allow listed companies to choose their board lot units from eight standardised board lot unit options: 1, 50, 100, 500, 1,000, 2,000, 5,000 and 10,000 shares. These board lot units were selected to offer suitable options for securities across different price levels, to minimise the number of listed companies that would need to adjust their existing board lot sizes, to reduce the number of potential corporate actions due to listed companies having to comply with board lot value floor and ceiling guidance, and to limit the number of odd lots. This approach also supports the longer-term objective of facilitating a potential transition to a single unified board lot unit, should market conditions allow.

Under this framework, listed companies will retain discretion to select a board lot unit that best aligns with their specific circumstances. For example, issuers of low-priced stocks may continue to choose a larger board lot unit to increase their board lot value, while issuers of high-priced stocks may opt for a lower board lot unit to reduce their board lot value.

According to the HKEX, standardising board lot units has several benefits. Standardisation would simplify order entry for trading participants and reduce the likelihood of order input errors related to board lot unit selection. It would also enhance the effectiveness of trading and hedging strategies that require precise coordination across multiple Applicable Securities and improve alignment between underlying assets and associated products such as derivatives and exchange traded products. From an operational perspective, the HKEX considers that standardisation will simplify trading workflows by enabling more consistent system configurations and order management, improve settlement and clearing processes, and strengthen the HKEX's alignment with international best practices, making the Hong Kong securities market more accessible and intuitive for overseas investors.

### **Implementation Timeline for HKEX's New Board Lot Framework**

HKEX proposes to align the implementation methodology and timeline of the new board lot framework with the Uncertificated Securities Market (**USM**) initiative. The USM initiative is a significant reform aimed at modernising Hong Kong's securities market infrastructure by eliminating the need for physical share certificates and enabling electronic ownership and transfer of securities. Coordinating the implementation of the new board lot framework

with the USM initiative would enable listed companies to optimise resources and avoid the need to reprint share certificates following changes to board lot units.

With the implementation of USM, parallel trading arrangements will typically no longer be required for board lot unit changes relating to Applicable Securities that have migrated to USM. However, parallel trading arrangements will continue to be required for other corporate actions such as share consolidations and sub-divisions.

The HKEX proposes to implement the new board lot framework in two phases:

- In phase one, new listed companies will be required to comply with all three components of the new board lot framework upon listing, while existing listed companies will only have to comply with the updated board lot value floor and new board lot value ceiling guidance within a specified period after the effective date of phase one. In order to comply with the board lot value floor or ceiling guidance, existing listed companies can either adopt a standardised board lot unit or carry out a share consolidation or sub-division as needed.
- In phase two, each listed company will be required to adopt one of the standardised board lot units within a specified period following its transition to uncertificated shareholding under the USM initiative.

## **Other Considerations**

### **Fees Charged by Board Lot**

Certain fees in the Hong Kong securities market, including some depository and nominee services fees, are currently charged on a per board lot basis. Many of these fees will be restructured as part of the USM initiative and going forward will no longer reference board lots. Standardising board lot units is not expected to have a material impact on the remaining fees that are charged on a per-board-lot basis.

### **Impact on Associated Products**

Associated products, such as structured products (including derivative warrants and callable bull/bear contracts) and equity derivatives (such as stock options and stock futures), have features and market making arrangements that are directly or indirectly influenced by the board lot unit of the underlying security. When a board lot unit is set or changed, various product features, operational parameters and hedging mechanisms may be impacted. HKEX evaluated the effects of changing board lot units on associated products and found that the necessary arrangements can be managed through existing capital adjustment procedures. The HKEX will coordinate with product issuers and market makers to ensure that trading remains orderly and investor protections are preserved throughout the implementation of the new board lot framework.

### **Odd Lot Trading in Hong Kong**

Despite the presence of a semi-automated trade matching mechanism and the manual trade reporting of odd lot transactions, odd lot trading turnover in Hong Kong remains low. The HKEX has observed growing demand from Hong Kong and Stock Connect market participants to explore more effective and pragmatic mechanisms to facilitate odd lot trading. The HKEX is considering potential improvements to the odd lot trading mechanism and will continue to examine possible trading models with a view to enabling investors to buy and sell stocks in quantities of less than one board lot more efficiently. Further details regarding improvements to the odd lot trading mechanism and the associated implementation timeline will be set out in the consultation conclusions paper.

**This newsletter is for information purposes only**

Its contents do not constitute legal advice and it should not be regarded as a substitute for detailed advice in individual cases. Transmission of this information is not intended to create and receipt does not constitute a lawyer-client relationship between Charltons and the user or browser. Charltons is not responsible for any third party content which can be accessed through the website.

If you do not wish to receive this newsletter please let us know by emailing us at [unsubscribe@charltonslaw.com](mailto:unsubscribe@charltonslaw.com)

CHARLTONS  
易周律師行

Hong Kong Office

Dominion Centre 12th Floor  
43-59 Queen's Road East Hong Kong

[enquiries@charltonslaw.com](mailto:enquiries@charltonslaw.com)

[www.charltonslaw.com](http://www.charltonslaw.com)  
Tel: + (852) 2905 7888  
Fax: + (852) 2854 9596