

Hong Kong Exchange Speeds Up Listing Reviews and Loosens Retail Allocation

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Key Points

- Following a sluggish several years in the Asian equities markets, Hong Kong is working to boost its position as a competitive global equity fundraising and listing forum.
- Hong Kong has rolled out an accelerated timetable for vetting listing applications so more of them are completed within the six-month validity window. This new process applies to noncomplex applications that meet regulatory requirements.
- Large-cap issuers may now lower their public float requirements, providing greater flexibility for capital management actions such as repurchases, with the caveat that the issuer would be subject to enhanced reporting requirements.

The Stock Exchange of Hong Kong Limited (Exchange) has taken a number of initiatives to enhance its attractiveness as a global offering and listing jurisdiction. The effort is focused on strengthening Hong Kong's competitiveness as a key listing jurisdiction and optimizing the market in light of the recent prevalence of smaller "family and friends" directed offerings and the dominance of companies incorporated in mainland China (PRC) listing their H shares in Hong Kong over the past few years.

This trend comes as the Hong Kong market becomes increasingly integrated with PRC and international companies refocus their China business strategies relative to their global businesses.

Enhanced Vetting Time Frame

On October 18, 2024, Hong Kong's Securities and Futures Commission (SFC) and the Exchange jointly committed to a clearer vetting framework for listing applications, shortening the time between their initial (A1) filing and the Listing Committee hearing stage.

This new framework provides welcome clarity to a previously opaque prehearing vetting process:

- Applicants with noncomplex cases that submit well-prepared and complete initial applications (*i.e.*, "Applications Fully Meeting Requirements") can expect to go through up to two rounds of comments from each regulator (with first-round written comments expected from the Exchange within 15 business days, and from the SFC within 20 business days, following the initial filing date). Confirmation on no material concerns from Hong Kong regulators is expected within 40 business days.
- Eligible large-cap PRC issuers with listed A shares can benefit from a further streamlined application process, with just one round of written comments from each Hong Kong regulator and confirmation of no material concerns from Hong Kong regulators within 30 business days of the initial filing.

We have seen Hong Kong regulators in recent cases adhering to this time frame. However, applications that require approval from the China Securities Regulatory Commission (CSRC) remain subject to the CSRC vetting time frame, which could delay the period between initial filing and the Listing Committee hearing in Hong Kong despite the Hong Kong regulators' accelerated vetting process.

This article is from Skadden's [2026 Insights](#).

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Additionally, refiled applications after their six-month validity window and applicants with material developments after their initial filing could still see a prolonged application process.

A More Robust Market for Initial Offerings and Newly Listed Issuers

Following a review of comparable rules in Australia, Singapore, the U.K. and U.S., among others, the Exchange has revised its rules around price discovery and market optimization for initial public offerings (IPOs) to align with global standards. [The new rules](#) took effect on August 4, 2025.

Notable changes include:

- **The minimum percentage of offer shares** that must be allocated to the Hong Kong retail tranche has been reduced, from 10% with clawback to either 5% with clawback or 10% without clawback. Meanwhile, at least 40% of the total initial offer shares must be allocated to the bookbuilding portion of the international tranche, which is reserved for professional investors, who play an important role in price discovery. (There was previously no minimum allocation between the bookbuilding and the cornerstone portions of the international tranche.) This means that cornerstone investments are now capped at either 55% (if clawback is not triggered) or 50% (with no mandatory clawback) of the total initial offer shares.
- Recognizing that “one size does not fit all,” **the public float requirement** (*i.e.*, the number of shares held in the hands of the public) has changed from a fixed 25% of total issued shares to a tiered structure ranging from 10% to 25% of total issued shares of the class seeking listing, based on the applicant’s market value. A separate test applies for PRC-incorporated issuers with listed A shares.

- The Exchange introduced a **new free float requirement** to ensure that newly listed issuers have sufficient liquidity upon listing. This means new issuers must have a minimum number of shares not subject to disposal restrictions (*i.e.*, the shares are readily available to trade) at the time of listing. Some applicants — including those with fewer shares in public hands — now need to consider which shares, and how much, should be locked up upon initial listing.

An Opportunity for Issuers to Lower Their Public Float Threshold

Prior to 2026, issuers could not change their minimum public float requirement after listing, even if their market capitalization had grown significantly since then. On August 17, 2025, the Exchange revised the public float rules for existing issuers and published [Guidance Letter GL121-26](#) to assist with the new rules. The new rules (which are [appended to the consultation conclusions](#)) took effect on January 1, 2026.

Key changes include:

- Issuers with a market capitalization of more than HK\$4 billion may adopt an “Alternative Threshold” that lowers their minimum public float threshold to not less than 10%, with the minimum market value of shares held by the public being HK\$1 billion. (Both requirements must be met.) The market value of shares is based on the volume weighted average price of shares over 125 trading days before the date of determination (calculated on a rolling basis). A separate test is proposed for issuers with shares also listed on a PRC stock exchange.
- All issuers will have ongoing obligations to update the market about their public float in monthly returns and annual reports, and disclose their updated share ownership and share capital structure in annual reports.

Issuers relying on the Alternative Threshold will be subject to enhanced reporting requirements.

- Issuers that significantly fall below their applicable public float threshold will no longer be subject to a trading suspension and instead will have a special stock marker (“-PF”) and be given 18 months from the date of the “Significant Public Float Shortfall” to restore their public float or be delisted.

These changes are a long-awaited and welcome development. Issuers and their nonpublic shareholders now have greater scope to take corporate actions, including repurchases and pre-offer acquisitions.

Controlling shareholders of certain issuers may now concentrate their ownership beyond 75%, enabling them to unilaterally approve super-majority shareholder items (such as amending constitutional documents).

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