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HKEX Consultation on Enhancing its Listing Framework Competitiveness - Commentary



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his article provides commentary on the consultation launched by Hong Kong Exchanges and Clearing Limited (HKEX) in March 2026 to solicit market feedback on its proposed reforms aimed at strengthening the listing framework of its subsidiary, the Stock Exchange of Hong Kong (SEHK).

Weighted Voting Rights

HKEX has proposed enhancements to the listing regime for applicants with a weighted voting rights (WVR) structure. This is intended to facilitate IPO applications by high-quality applicants, and to bring Hong Kong's requirements more closely in line with those of the US.

One of the key suggestions is the relaxation of voting power restrictions. A weighted voting ratio cap of up to 20 votes (compared with current level of 10 votes) per WVR share is proposed if the applicant has a market capitalisation of at least HKD40 billion (USD5.88 billion) at listing. The SEHK may accept a minimum WVR shareholding percentage of at least 5% (reduced from current level of 10%) if the shareholding is of at least HKD4 billion (USD588.3 million) at listing.

It is noteworthy that the ratio cap and the minimum

shareholding threshold, once implemented, would remain unchanged despite post-listing fluctuations in market capitalisation.

Other proposals include reduction of the WVR financial requirements, refinement of requirements on innovativeness, clarification of innovative characteristics, and providing further guidance on requirements on sophisticated investors. Unlike voting power restrictions, these new requirements are relevant only at listing.

The WVR structure has become increasingly popular in global IPO markets, particularly among innovative companies where retaining founders and key executives is essential. Founders often drive innovation and long-term strategy, and WVR enables them to pursue transformative initiatives free from short term shareholder constraints.

Without an attractive WVR regime in Hong Kong,

many unicorns might choose to list in the US instead. Some investors welcome WVR companies as they provide access to emerging sectors despite disproportionate voting rights, believing that if the founders' vision succeeds, share value appreciation could be significant.

Nonetheless, the WVR model has drawn criticism for granting certain shareholders (typically founders) voting rights far exceeding those of other investors. This disproportionate power can misalign control with economic ownership, weaken shareholder equality, and raise concerns over decisions made without broad support, particularly on strategic matters.

Investors' confidence in companies with a WVR structure may depend on the integrity, vision, innovative capability or even health of a few individuals, which may constrain the company's long-term development and limit its ability to attract top-tier senior talent.

Although the market reaction to these proposals remains to be seen, the author anticipates that the HKEX, through SEHK, will closely monitor the corporate governance practices of WVR companies and strike an appropriate balance between the disproportionate voting power and the need to preserve Hong Kong's appeal as a capital market for such issuers.

Issuers listed overseas



Since the introduction of chapter 19C (Secondary Listing of Overseas Issuers) to the Main Board Listing Rules on 30 April 2018, 19 companies have successfully sought secondary listing in Hong Kong as of the end of 2025, representing 11.5% of the market capitalisation of all equity securities listed on the SEHK, and 9.2% of total average daily turnover of the Hong Kong cash market in 2025.

By the end of 2025, more than 400 Greater China issuers were listed in the US. While companies representing 76.7% of their total market capitalisation also maintained a primary or secondary listing in Hong Kong, 377 companies did not. Of these, 150 did not meet the Hong Kong listing requirements.

Among the remaining issuers, 57 (accounting for about 70% of the total market capitalisation of 377 companies) were financially eligible to list in Hong Kong but have not yet done so. The HKEX has also identified 18 larger Southeast Asian issuers, with a combined market capitalisation of HKD1.18 billion (USD150.7 million), that listed American depositary receipts in the US but were not listed in Hong Kong.

To attract those Greater China and Southeast Asian eligible issuers to seek secondary listing in Hong Kong, the HKEX proposes certain relaxation to the qualification requirements for secondary listings of both WVR structures and non-WVR structures.

Additionally, the HKEX proposes that the use of US GAAP (as the issuers' financial reporting standards) will be permitted for: (1) subsidiaries of US listed parents seeking to list in Hong Kong; and (2) companies with substantial business operations in the US. An issuer will no longer be required to revert from US GAAP (Generally Accepted Accounting Principles) to HKFRS (Hong Kong Financial Reporting Standards) or IFRS (International Financial Reporting Standards) upon a US delisting.

The author believes these reforms will play a meaningful role in attracting the homecoming listings

of Greater China issuers, as well as the secondary listings of Southeast Asian issuers. A secondary listing in Hong Kong may also provide eligible issuers with access to Chinese mainland investors if they are eligible to be included in the Southbound Stock Connect programme.

With the evolving US-China tensions and regulatory uncertainties in the US that may affect Chinese issuers, a Hong Kong listing serves as a strategic hedge, ensuring continued access to capital markets even if US market access becomes restricted.

Other listing requirements

HKEX proposes clarifying that the ownership continuity requirement can be satisfied if, despite a change in controlling shareholders during the period from the beginning of the most recent audited

financial year up to listing, the applicant still demonstrates no material change in influence on management.

This proposal is welcomed, as an applicant may remain eligible even where significant new investors have been introduced in the most recent financial year, resulting in a material change in ownership.

Another breakthrough is that an applicant may elect not to publish the application proof of its prospectus at the time of filing its listing application. This enables the applicant to preserve the confidentiality of sensitive business information (e.g. financials, strategy and risk factors) prior to listing, while also allowing it to engage in private discussions with regulators to address issues before they are subject to public scrutiny.

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