

London Stock Exchange boss: We must make people proud to own shares

Dame Julia Hoggett opens up about her mission to save the LSE, when she decided to come out at work, and why she is desperate for the IPO gates to reopen

by Jill Treanor, The Sunday Times, Sunday 8th December 2024

Dame Julia Hoggett is on a mission. This 5ft 1in, glasses-wearing gay woman – her description – is trying to save the London Stock Exchange.

It is a critical mission, too. So far this year, there have been three times as many companies leaving the 250-year old LSE, either through takeovers or mergers, as new ones joining, and there is little sign of the pressure easing. An activist investor in Rio Tinto is calling on the mining giant to shift its main listing from London to Sydney, while the fast-growing payments app Revolut has declared it would be more likely to list in New York than London.

The situation is so grave that some in the City fear that the stock exchange is facing an existential crisis. If companies cannot be convinced to launch their initial public offerings (IPOs) in the UK to raise money, it is only a matter of time before the exchange becomes irrelevant.

As its chief executive settles into a meeting room in the headquarters by St Paul's Cathedral, she gives a clear assessment of the situation. Hoggett, a surprisingly quietly spoken 51-year-old, argues that a debate about London's role in the financial markets was always going to be needed after Brexit.

Nursing a large, Christmas-themed Starbucks mug with two tea bags, which stew throughout the day, Hoggett says: "The UK [used to have] pretty much 70 per cent of all equity trading [in Europe] because it was the largest capital market in the single market and an awful lot of IPOs came as a consequence of that." We were, she adds, "naturally" going to lose some of that share when we left Europe, and so it has turned out.

However, there are big positives, she says: "The fact that we're the third-largest capital-raising market in the world [after the US and India] in those circumstances is remarkable, and it illustrates the strength of our market."

Hoggett is the chief executive of the exchange arm of the FTSE 100 London Stock Exchange Group, and also the City's cheerleader through her role as chair of the Capital Markets Industry Taskforce (Cmit), the lobby group pushing for reforms to boost the UK's status as the pre-eminent place for companies seeking to raise funds. Its members include such luminaries as Peter Harrison, outgoing boss of Schroders, and Sir Jonathan Symonds, chairman of the pharmaceutical giant GSK.

Under her leadership, the Cmit has made some bold calls. It has successfully helped to argue for stock market rules to be changed to make them more appealing to entrepreneurs, and – more controversially – called for investors in the UK market to allow British executives to get paid more. Currently, Hoggett says, bosses of London-listed companies often earn less than their peers listed overseas – particularly those on the US exchanges – even when their shareholders are the same.

"We should want high-quality people running our companies and creating the next generation of growth for this economy," she says. "No football fan doesn't want the best striker, and they are prepared to pay for it and they don't resent the striker for what he gets paid," she adds.

Hoggett admits she did not ever imagine that she would end up championing the cause of the City when she was studying social and political sciences at Cambridge.

Her parents both had successful careers in the law. Her father, Anthony, was a barrister, while her mother, the judge Lady (Brenda) Hale, rose to become the president of the Supreme Court. In that role,

she was famed for wearing a giant spider brooch when she ruled in 2019 that Boris Johnson's prorogation of parliament to roll through Brexit was unlawful.

While many commentators sought to find symbolism in the brooch – spinning of a web of intrigue, perhaps – there really was none. More intentionally, a large silver crest of the London Stock Exchange glitters in the lapel of Hoggett's suit jacket.

An only child, she says she was always treated as adult, and that when she came home from school, her parents would encourage her to play games to pass judgment on their cases. It is a skill she keeps with her today: "You learn to take comfort in rigorous decision-making. Brutal rationality is my comfort zone."

Perhaps it was this training that caused her to take the startling decision to leave home and move into a flat on her own at just 17 while studying for her A-levels. Her parents were, she explains, divorcing, and she did not want to choose between them: "[The move was done] to be as fair as I could be with both my parents," she recalls.

Their feelings were also on her mind when she told them she was gay in her postgraduate year. "They've been incredibly supportive to me all my life. But you still don't know what could happen and I'm an only child and you think of all those plans they might have had for you," she recalls.

Hoggett need not have worried but the experience has shaped her, putting all other aspects of life into perspective. "I have this phrase, 'The braver I am, the braver I get.' And one of the hardest things, and the thing I had to be most brave about, was coming out. And once you've done that and you've survived and you're still going and your family still love you, other things become less scary. An awful lot of things you deal with later in life – managing crises, or whatever – you're like, 'Well I can do that,' " she says.

It was while she was at Cambridge doing her postgraduate studies on Malawi, southeast Africa, that she decided to quit academia in the late 1990s and go into the City. She had realised, she says, that sitting in the university library would never equip her to truly learn how different countries operated in the global economy. She joined the US investment bank JP Morgan, working on bond issues for countries in eastern Europe as the Iron Curtain was coming down.

Part of the reason she chose JP Morgan, she says, was that it specifically stated in its contracts that it did not discriminate on grounds of sexuality, even though this was before such discrimination became illegal. Nevertheless, while her friends and family knew of her sexuality, she kept it quiet at work. "I swiped my ID card through the barrier and I remember thinking, 'I'll keep the real me on the outside [of the office] and pick her up on the way home.' "

After two years, her line manager encouraged her to be open about it. She says that gave her the strength to be herself, which helped, rather than hindered, her ascent through the City to her current role. "I don't know if I'd be here if I wasn't gay," she says. "The perspective, the challenges, the things it's enabled me to overcome."

To her mind, it meant she did not have to conform to the traditional expectations of how women should behave or even dress – and this was during the power-dressing years of the late 1990s. "I haven't worn a skirt to the office since 1998," Hoggett laughs; instead, she is well known for sporting a distinctive range of neat trouser suits.

She moved to Dublin in 2004 to work at Depfa, a German-Irish bank that specialised in financing infrastructure projects. At this point, she had two children with her then partner, and after the financial crisis, she accepted a role back in London at Bank of America, helping other banks rebuild their battered liquidity.

In 2014, she switched again, becoming a regulator at the Financial Conduct Authority, where she eventually became director of market oversight – in effect, the City's policing authority – before being encouraged to apply for the top job at the LSE in 2021.

She joined just as its parent company, the FTSE 100-listed London Stock Exchange Group (LSEG), was being transformed into a tech company after the £20 billion takeover of data business Refinitiv.

Since that deal, the stock exchange has provided just a small proportion of LSEG's revenues. Some have suggested it is ripe for being spun out into a separate company, enabling it to raise its profile. Hoggett rejects the idea, saying the £60 billion stock market value of LSEG means the exchange is safe from the takeover battles that characterised the 2000s, when it was destabilised by repeated bids from exchanges in Germany, New York and Scandinavia.

This year, she received a damehood for services to business and finance due to her efforts in trying to revive the market. And she insists that London is not alone in fewer companies seeking to list. JP Morgan chief executive Jamie Dimon has warned that the stock market in the US has shrunk from 7,300 companies in 1996 to 4,300 now, she points out.

Hoggett would like, though, to see a cultural shift – for Britons to be excited about investing in the stock market, in the same way that Americans can enthuse about having their pensions savings in shares. “If the Dow goes up, they walk a little bit taller at the end of the day because that's given them more opportunity. We have created an environment in the UK where we have so sought to protect people from the downside that we haven't exposed them to the upside,” she says.

Yet, she points out, they have seven million cryptocurrency accounts – and that is a largely unregulated market.

Sir Nigel Wilson, the former chief executive of FTSE 100 insurer Legal & General, who has worked with Hoggett on reforming the London market, says she is “charming but full of determination and grit – and underestimate her at your peril.

“She's on a mission and she's really determined to deliver,” Wilson adds.

Hoggett is keen to emphasise that the exchange is already delivering, and that it is just not about IPOs: “We are the sixth-largest economy in the world by GDP. We have the third-largest equity capital market in the world by capital raised year-to-date”.

Still, a key measure for many in the City is whether the IPO gates, which have been largely shut this year, will reopen. Many eyes are on the Chinese retailer Shein and whether it brings its £50 billion float to London. Hoggett is clear: “I hope they do.”

Some say that because of allegations of forced labour in Shein's supply chain, it should be turned away. Hoggett is aghast at this: “This is a company that exists in the private markets. It's going to grow.”

Listed on the stock market, it would be subjected to more scrutiny, she explains. “Would you rather it continued to grow with that scrutiny, that oversight, the disclosure that we have in the UK? Our modern slavery disclosures standards are higher than anywhere else in the world. If you care about companies being run well, the public market should be the source of that scrutiny.

“So the people who say it shouldn't, I don't understand the argument, because in a sense they are saying it shouldn't therefore be subject to that scrutiny.”

Shein has previously said it has a “zero-tolerance” policy on forced labour.

Hoggett insists that the pipeline for IPOs is building “into 2025 and back into 2025-6”. The spinout by French media group Vivendi' of Canal + could be one of the first deals of next year, although she is reluctant to identify others. “We're seeing companies from Asia and from Europe look at London,” she says.

Many in the City are hoping they will come in time to achieve her mission.