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IG Group's veteran CEO steps down as regulatory pressures bite, shares slide

IG Group PLC (LON:IGG) shares fell 8% on Thursday after the online trading group said its CEO Peter Hetherington would leave the business at a time when regulatory clamp-downs are impacting the online trading industry.

Europe's largest online trading platform did not give a reason for Hetherington's departure but said the search for his successor was well advanced. IG said Hetherington would help with the transition to his successor until the end of the financial year but would step down as Group CEO and from the Board with immediate effect.

READ: IG Group quarterly revenues dip on lower volatility in financial markets
The firm's CFO Paul Mainwaring will assume the additional role of interim CEO until a successor is appointed, the company said.

The regulatory pressures on online trading group such as IG Group have ramped up in recent months after new measures by the European Securities and Markets Authority (ESMA) to clamp down on the sale of so-called 'contracts for difference' to retail clients were introduced in July.

These tighter regulations, as well as low financial market volatility, led IG to report a 5% drop in first-quarter revenue last week.

Hetherington joined IG Group as a graduate trainee in 1994, rising through the ranks before being named CEO in 2015.

"We are not surprised to see him (Hetherington) go, particularly since the company has been losing market share for years while redeploying cash into lower-returning activities such as broking," Liberum analysts wrote in a note to clients, adding that client numbers had fallen 7% in 2018.

Numis analysts said the company needs a CEO who can evolve the group, utilising its technology platform and global market position in the current regulatory environment.

Shares in IG Group, which have fallen by more than a quarter in the last month, were 7.7% down at 646.18p in early afternoon trade.

Price: 679.2

Market Cap: £2.51 billion

1 Year Share Price Graph



Share Information

Code: IGG

Listing: LSE

52 week High Low
711.8 467.4

Sector: Investments and investor services

Website: www.igggroup.com

Company Synopsis:

IG Group Holdings plc is a United Kingdom-based company, which is principally engaged in running a spread betting market, trading as principal and market maker for foreign exchange, and contracts for difference and acting as a fixed odds bookmaker. During the fiscal year ended May 31, 2008, the Company began trading on a regulated futures and options exchange.

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