

HISTORY OF THE LONDON STOCK EXCHANGE

From a 1698 coffee-house price list to the FTSE 100 at 10,000. Three centuries of manias, panics, rescues and reinventions, and what each one teaches a trader today.

1698

Castaing's first price list at Jonathan's Coffee House

3 Mar 1801

Subscription-only exchange: the first regulated stock exchange

~95%

Business gone from the trading floor by December 1986

10,046

FTSE 100's first print above 10,000, on 2 January 2026

INSIDE THIS SHEET

2 The timeline, 1571 to 2026

3 Seven panics and the rule each one left

4 Big Bang, the modern market and two charts

5 Myths vs the record, and how London trades today

6 Ten lessons, a pre-trade checklist and sources

DICTUM MEUM PACTUM *My word is my bond. Motto of the London Stock Exchange, on its 1923 coat of arms.*

Full article with sources: completetradersedge.com/history-of-the-london-stock-exchange

THREE AND A QUARTER CENTURIES

The Timeline, 1571 to 2026

THE COFFEE-HOUSE MARKET

1571–1800

- **23 Jan 1571**
Elizabeth I opens Gresham's Royal Exchange; brokers later barred for rowdiness
- **1694**
Bank of England founded: a permanent market in government debt
- **1698**
Castaing's 'The Course of the Exchange and other things' at Jonathan's
- **1720**
South Sea Bubble: ~£128 to ~£1,000 to £150. Bubble Act, 11 June
- **1748**
Jonathan's burns down and is rebuilt; the market carries on
- **1761**
About 150 brokers and jobbers form a club
- **1773**
'New Jonathan's' opens in Sweeting's Alley, soon renamed the Stock Exchange

THE CAPITAL OF CAPITAL

1801–1914

- **3 Mar 1801**
Subscription-only exchange at Capel Court: the first regulated exchange
- **1812**
First codified rulebook: settlement, default, no fireworks or football
- **21 Feb 1814**
The Great Stock Exchange Fraud: a fake officer 'kills' Napoleon
- **1825**
Latin American bubble and the fictional Poyais bonds burst
- **1846**
Railway Mania: 272 railway Acts in a single year
- **10 May 1866**
Overend Gurney fails; Bagehot's Lombard Street follows in 1873
- **Nov 1890**
Barings rescued by a £17.1m guarantee fund

THE GENTLEMEN'S CLUB

1914–1986

- **31 Jul 1914**
Exchange closes until 4 Jan 1915; New York becomes lender to the world
- **1923**
Coat of arms with 'Dictum Meum Pactum', My word is my bond
- **20 Sep 1929**
Hatry group suspended: London's own crash, weeks before Wall Street's
- **1939–1945**
Six-day closure in 1939; Blitz incendiaries; a V2 sends trading to the basement
- **8 Nov 1972**
The Queen opens the 26-storey Stock Exchange Tower
- **1973**
Women and foreign-born members admitted; 11 regional exchanges merged
- **1972–1975**
FT 30 falls 73%, bottoming at 146 on 6 Jan 1975
- **3 Jan 1984**
FTSE 100 launched at 1,000

THE SCREEN ERA

1986–2026

- **27 Oct 1986**
Big Bang: negotiable commissions, dual capacity, SEAQ screens
- **19–20 Oct 1987**
After the Great Storm, the FTSE falls from 2,302 to 1,802
- **20 Jul 1990**
IRA bomb at the Stock Exchange Tower; no injuries, trading goes on
- **16 Sep 1992**
Black Wednesday: sterling forced out of the ERM
- **11 Mar 1993**
TAURUS abandoned; CREST goes live in 1996
- **Feb 1995**
Barings collapses: £827m of hidden losses, sold for £1
- **Jul 2001 / Jul 2004**
LSE lists on its own market; moves to Paternoster Square
- **29 Jul 2024**
New UK Listing Rules merge premium and standard segments
- **2 Jan 2026**
FTSE 100 above 10,000 for the first time, 171 days after 9,000

EVERY CRISIS LEFT A RULE BEHIND

Seven Panics, Seven Lessons

London's history is a sequence of shocks, each followed by a new rule, a new institution or a new habit. Read the right-hand column: it is the part a trader can use.

YEAR	WHAT HAPPENED	KEY NUMBER	THE LESSON
1720	South Sea Bubble Shares ran from about £128 to £1,000 on a debt-for-equity swap, then fell to £150 by September.	~£1,000 to £150	The Bubble Act was pushed by the South Sea Company itself. Ask who wrote the rule.
1814	The fake colonel A man in uniform announced Napoleon's death at Dover. Omnium jumped; over £1.1m of stock was sold into the spike.	8 convicted	Prices that move on unverified news move back just as fast. Verify first.
1825	Poyais London floated bonds for a country that did not exist. When the Latin American boom broke, more than 1 in 10 country banks failed.	>10% of country banks	Yield you cannot see behind is risk you cannot price.
1845 to 1847	Railway Mania 272 railway Acts in 1846. Shares bought on ~10% deposits with the rest due in calls as prices fell.	272 Acts, 9,500 miles	Know your total obligation before you enter, not when the call arrives.
1866	Overend Gurney The biggest discount house funded long bad loans with short money. The Bank refused it help, then lent freely to everyone else.	Bank Rate 10%	Bagehot: lend quickly, freely and readily, at a high rate, on good collateral.
1890	Barings Argentine debt sank London's grandest house. Gold from France and Russia and a £17.1m guarantee fund saved it.	£17.1m fund	Too big to fail begins here. In 1995 there was no rescue.
1914	The closure The Exchange shut on 31 July and stayed shut until 4 January 1915. New York became lender to the world.	5 months shut	Exits can close. Size for the gap, not for the stop.

THE PATTERN. Cheap money, a new story, leverage the owner cannot see, and a run when lenders stop trusting borrowers. 1825, 1866, 1890, 2007 and the 2022 gilt crisis all share the shape. The instruments change. The mechanism does not.

27 OCTOBER 1986

The Big Bang, and After

BEFORE: THE CLUB

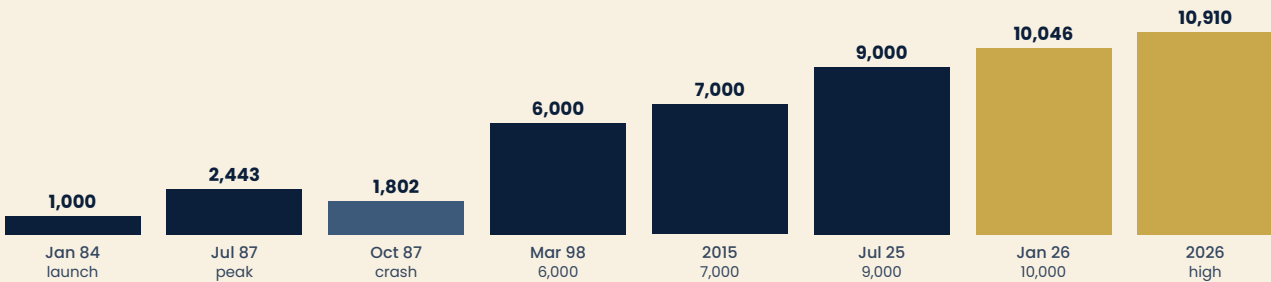
- Fixed minimum commissions
- Single capacity: broker OR jobber, never both
- Member firms had to be independent
- No foreign members
- Face-to-face dealing on the floor

AFTER: THE SCREEN

- Negotiable commissions
- Dual capacity: broker AND market maker
- Banks, including foreign ones, own member firms
- SEAQ quotes on screens
- ~75% of business off the floor within weeks, ~95% by December

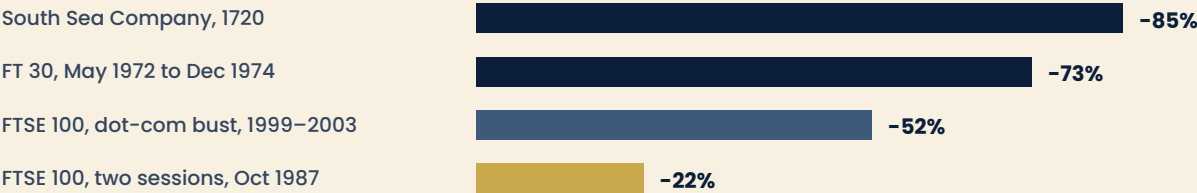
It began as a competition case: the Office of Fair Trading against the Exchange's rulebook. After the 1983 election, chairman Nicholas Goodison offered Cecil Parkinson a deal: drop the case and the Exchange reforms itself by the end of 1986. Source for the floor figures: Bank of England Quarterly Bulletin, 1987.

FTSE 100 MILESTONES, 1984–2026



Milestone prints only. 2026 high ~10,910 from the LSE one-year chart to 23 Sep 2026. Price index: excludes dividends.

LONDON'S GREAT DRAWDOWNS, PEAK TO TROUGH



1972–74

-73%

The FT 30 bottomed at 146 on 6 Jan 1975, then nearly doubled in just over three months.

1987

2,302 to 1,802

The Great Storm shut the City on the Friday. Two sessions later a fifth of the index had gone.

2024

18 in, 88 out

London IPOs vs companies leaving the market. New UK Listing Rules took effect on 29 July 2024.

SEPARATE THE STORY FROM THE RECORD

Myths vs the Record

THE STORY

Rothschild made a fortune from early news of Waterloo.

THE RECORD

False. The story comes from an antisemitic Paris pamphlet of 1846. Brian Cathcart found no evidence Nathan Rothschild was first to know, and any profit that week was likely modest.

THE STORY

Newton said he could calculate the heavens but not the madness of people.

THE RECORD

No contemporary source. Newton is said to have lost around £20,000 in 1720; the quotation is unverified.

THE STORY

'My word is my bond' was the founders' motto in 1801.

THE RECORD

The motto appears on the coat of arms granted in 1923. The practice of dealing on your word is much older.

THE STORY

The Hatry collapse caused the 1929 Wall Street Crash.

THE RECORD

Disputed. One review puts the suspended companies at roughly 0.1% of London's traded value. A sign of fragile confidence, not a proven cause.

THE STORY

Brokers were thrown out of the Royal Exchange for rowdiness.

THE RECORD

The traditional account, repeated by the Exchange itself. Treat it as tradition, not documented fact.

FOR THE TRADER

How London Trades Today

Main Market & AIM

Main Market for large companies, including the FTSE 100 and FTSE 250. AIM (1995) for smaller growth companies with lighter rules.

Hours (London time)

Opening auction from 07:50, continuous trading 08:00 to 16:30 on SETS, closing auction just after 16:30. Settlement through CREST.

Ways in

Index CFDs (usually UK100), FTSE 100 futures on ICE Futures Europe, and UK spread betting.

The gap

The 08:00 open prices overnight news from Asia and the US. Size for the gap: a stop-loss cannot fill inside it.

FX capital

London is the world's largest foreign-exchange centre; the London/New York overlap is the heaviest stretch of the forex day.

MIND · METHOD · MONEY

Ten Lessons From Three Centuries

01

METHOD

Information is the oldest edge

Castaing's list, the telegraph, the screen: whoever organised information best, won.

02

MIND

Trust is infrastructure

London won on settlement and reputation. Your version is trusting yourself to follow your plan.

03

METHOD

Ask who wrote the rule

The Bubble Act protected the South Sea Company, not its shareholders.

04

MIND

Verify the headline

A fake colonel moved the market in 1814. Fake news still does.

05

MIND

Distrust insider legends

Most losses come from the crowd and a missing stop, not a conspiracy.

06

MONEY

Know your total obligation

Railway calls and margin calls arrive at the worst possible moment.

07

MONEY

Short money, long assets = run

Overend Gurney, Northern Rock, the 2022 gilt funds.

08

MONEY

Exits can close

Five months in 1914, a stormy Friday in 1987. Size for the gap.

09

MIND

The bottom arrives in despair

The FT 30 nearly doubled in three months after falling 73%.

10

METHOD

Adapt or be deleted

The Big Bang emptied a centuries-old floor in weeks.

BEFORE YOU TRADE THE FTSE 100: FIVE CHECKS FROM LONDON'S HISTORY

- ☐ Where is my exit if the market gaps at 08:00, and does my size survive it?
- ☐ Is this move driven by news I have verified, or by a headline?
- ☐ What is my total obligation: margin, financing, prop-firm daily loss limit?
- ☐ Am I risking no more than 1% of capital on this idea?
- ☐ Is my edge still being paid, or am I trading a market that has changed?

SOURCES

LSEG and London Stock Exchange published histories; Bank of England Quarterly Bulletins (1987 Big Bang review; 2016 Overend Gurney; 1995 CREST); E. White, Bank Underground, on Barings 1890; B. Cathcart, The Rothschild Archive; W. Bagehot, Lombard Street (1873); R. Roberts, Saving the City; W. Silber, When Washington Shut Down Wall Street; C. Swinson on Clarence Hatry; FCA UK Listing Rules (2024); UK Listing Review (2021).

[Read the full history](#)
[Market Mayhem: the book](#)
[All research sheets](#)

The city changes. The technology changes.
The game does not.