For a man once known as the "Ivy League kid who changed the world of oil", not much is known about John D'Agostino beyond the fact that author Ben Mezrich published a New York Times bestselling book based on his life story when he was barely 26 years old. Graduating from Williams College and attending Oxford University, then as one of the younger Harvard Business School graduates in his year, John appeared to have an elitist pedigree. However, nothing could be further from the truth.
Born into a working-class Italian-American family in Brooklyn, New York, John’s family sacrificed to send him to some of the most esteemed educational institutions in the world. After graduation, he worked briefly on Wall Street when a chance meeting took his life in a different direction. He joined the world’s largest energy exchange, the New York Mercantile Exchange, quickly becoming its youngest ever vice president, and then, soon after, head of strategy. It was an interesting time to be on this side, as the commodities sector was undergoing a massive technical revolution, as well as global integration. At the NYMEX, he helped transition floor trading to electronic and led the deal that created the Dubai Mercantile Exchange — the first Middle East-based commodities derivatives exchange. His story was immortalized in the international best-selling book *Rigged: The True Story of an Ivy League Kid Who Changed the World of Oil*, written by the same author who wrote *Bringing Down the House* and *Ugly Americans*. *Rigged* has been optioned for movie production by Summit Entertainment.

John Altorelli, Co-Chair of Finance for DLA Piper, the world’s largest law firm, calls John “one of the foremost experts on financial exchanges and capital markets,” explaining that “John’s knowledge and experience regarding the conceptual and theoretical underpinning of financial exchanges as well as his operational and deal-making perspective have been invaluable to me and my clients.”

More recently, John advised the Hong Kong Exchange and Clearing on their successful $1.3 billion acquisition of the London Metals Exchange. Despite all this, he is extremely modest and avoids publicity as he firmly believes the people who have helped him along the way deserve the credit. One of the world’s most famous and respected economists, Nouriel Roubini, offered this: “John’s insight into global financial markets and commodity markets is unique. He sees the bigger picture on what finance and economics can do for the world.”

John has written case studies used by Harvard University and has been a guest lecturer for INSEAD University. He recently guest lectured for the United States Navy on the topic of “financial exchange expansion as an indicator of shifting political power.” John is currently Managing Director at Alkeon Capital/Management, a New York-based hedge fund with offices in Boston and Hong Kong.

### How did you end up in Oxford?

I was fortunate enough to attend Regis High School, where all students receive a tuition-free education. Regis is known for its commitment to education, as well as encouraging service to society and the underprivileged in its graduates. The path of Regis-Williams-Oxford hardly came down to my parents. They didn’t attend college, but both my parents were very interested in having their children exceed them from an educational perspective. My mother couldn’t teach me calculus but she taught me multiplication at a very young age. I remember her chasing me around with a laminated multiplication table.

As a result, I was fairly good at maths. I was extremely lucky to gain a place at Regis, which admits a very limited number of students every year. Due to its excellent academics, Regis is widely considered a “feeder school” to some of the top colleges and universities in the United States. Without my teachers at Regis High School, I would never have had the chance to attend Williams, Oxford or Harvard, and without my mother chasing me around the house with a multiplication table, I would not have had the opportunity to attend Regis High School.

From Brooklyn to Oxford, it must have been a big change for you. Was this the first time you travelled to Europe?

In fact, it was my first time on a plane – and it was a huge culture shock. In hindsight, I think there were two factors that helped me assimilate. Firstly, I think sports help break down barriers. I immediately began rowing at Oxford and found the intense physical regiment provided the ultimate bonding experience with my crewmates/classmates. This was a lesson I kept forever – nothing accelerates trust like hard work. Secondly, I immersed myself in the local culture. Expats, especially students, sometimes tend to group together as a coping mechanism for feeling out of place. I remember sitting in our college pub (college’s at Oxford have pubs where students and teachers can mingle – Oxford or Harvard have pubs where students and teachers can mingle) – of the best intellectual conversations in my life were over a pint of Guinness. The idea that we are put on this earth to do something different, to have a sense of purpose and make a positive lasting impact on the world and lives around us. I don’t mean to be judgmental, but both worlds (Brooklyn and Oxford) have real value. In isolation, each is limiting.

Growing up in Brooklyn, you didn’t have significant material possessions to judge each other on. Values like honesty, hard work and ethics were considered the most admirable. “Be a man” was the best thing you could be – which meant you worked hard to support your family. I think this is incredibly admirable, this idea of sacrifice for something greater than you. However, the nation of achieving excellence, especially in education, culture and becoming a well-rounded individual or learned person, was not something as talked. Changing the world; doing something that impacts the world in a positive and meaningful way, was simply not a priority – outside my immediate family. At Regis, Williams and Oxford, it was the opposite; every conversation was about pushing boundaries, exploring new things and taking new risks – the idea that we are put on this earth to do something different, to have a sense of purpose and make a positive lasting impact on the world and lives around us. I don’t mean to be judgmental, both worldviews (Brooklyn and Oxford) have real value. In isolation, each is limiting.
I was young when I went to college and was one of the youngest in my cohort at Harvard Business School. Harvard was a wonderful experience. The teachers and education were excellent, but the whole concept at HBS was that you learn from other students. I don’t think you fully realise the value of business school until you are at least five or ten years out, when you see your friends achieve success and go on to do amazing things. At Harvard they impress upon you the importance of helping other alumni. In general, if somebody went to Harvard Business School and I reached out to them, chances are, they will respond. Now, as I get requests for advice from fellow alumni, I do my best to assist them whenever I can. You have this sense of responsibility to give something back.

How did you end up in the Merc?

I graduated from Harvard in 2002 and it was a horrible time to enter the workforce – the tech bubble burst and there were no jobs. During that time, I gave a speech at the National Italian American Foundation’s Annual Conference to thank them for a fellowship they had given me which allowed me to attend Harvard. At that event, the person they were honouring, the Italian-American of the year, was the then chairman of the Merc. I remember thinking to myself, “I want to be this guy”. He was from Brooklyn and he was smart, successful and charismatic. As it turned out, he heard my speech and invited me over to his table and gave me his business card. I was employed at the time, so I stopped by his office every morning at 6:30am and let his assistant know I was there. Eventually, he called me. The rest is history.

Do you have a mentor/who do you consider your role models and why?

That’s a very good question. I think mentors and role models serve very different functions at different points in one’s life. I think if you ask every five years, the answer evolves. When you graduate with lots of debt, all you think about is money, and your role models are those who have achieved huge material success. I just became a father, and so my role model is my father. All I’m thinking about now is how difficult it was for him to work as hard as he did and raise two kids at the same time. Getting the Dubai Merc deal done was easy compared to what he and fathers like him go through.

The best mentors are ones you can both admire and trust. For me, Nouriel Roubini and John Altorelli have been extraordinary mentors and friends. Each provides an incredible body of experience and insight. Nouriel is obviously one of the most brilliant economic minds in the world, and I’m honoured he shares his insights with me. John is the best lawyer and deal maker I have ever met. When you are around people of this stature, you simply listen and learn.

Your experiences with the Dubai Exchange aside, how did you become the go-to person for anything exchange related?

The book obviously helped. The exposure gave me a lot of opportunities, but ultimately you have to prove yourself. It also doesn’t hurt that it is a small universe – there are not a lot of people who have had the good fortune to learn capital markets through the exchanges. Exchanges are the focal point of all capital market activity – and I was lucky enough to not only learn there but also at a critical point in the development of modern capital markets – namely the emergence of the OTC (over-the-counter) market. At the same time, a dramatic period of consolidation occurred. There was a lot of action and a lot of things going on. Exchanges had been sleepy institutions for a long time, and all of a sudden, the financial crisis catapulted them into major importance. I think justifiably to some degree.

Post crisis, the exchanges said, “We didn’t need to get a bail out, we didn’t need taxpayers’ money, we survived, and we are the stable part of the economy.” I think the past five or six years were probably the best time to be knowledgeable about exchanges, and I’m very lucky to have been a part of it.

It has been said that your actions, which ultimately led to the creation of the Dubai Mercantile Exchange, set in motion a sequence of events that accelerated “capitalism” to the Middle East, any thoughts on that?

That’s extremely flattering, and all my colleges in New York and Dubai who made this happen deserve that praise. Exchanges are the foundation of a capital market, and to some degree an economy. This is why I said the Dubai Exchange was such an important project for the region. On a monetary basis it was small, but in terms of substance I think it was as important as the establishing of a rule of law.
You recently advised on a landmark deal where the Hong Kong Exchange acquired the London Metal Exchange, can you tell us a little more on that?

I had the opportunity to advise on another significant exchange related transaction – the purchase of the London Metals Exchange (LME) by the Hong Kong Exchange (HKex). These transactions are rare, and they generate a lot of scrutiny. Generally, traditional financial analysis will indicate a lower valuation than the eventual deal value. This is a common and expected critique. Exchanges tend to trade at higher valuations than traditional financial analysis would suggest for multiple reasons, not the least of which is that successful exchanges are, in most cases, virtual monopolies, and valuing monopolies is difficult. Less ‘discreet assets’ than they are asset platforms, a standard earnings DCF model (discounted cash flow) isn’t robust or complex enough to fully unlock potential current or future value. Google was criticised for an “expensive” acquisition of YouTube in 2006. Years later the phenomenal growth of that video platform, due to Google’s reach, has some analysts regretting that critique.

The other form of common analysis is nationalistic. The transition of pricing centres across borders stokes deep fears in some. Given that physical and derivative trade flows ultimately control pricing – and exchanges simply reveal it – this also seems a shortsighted critique.

In the LME transaction, HKex has taken a calculated bet on the future of base metal physical and derivative trading – particularly as it relates to growth in Asia. This is also a bet on China opening up in terms of currency and capital flow restrictions. These same questions are being asked by investment professionals and economists throughout the world. Given HKex’s strong financial position and government backing, as well as its long-term view, it’s difficult to argue that the leadership of HKex is not well positioned to make this bet.

The consolidation and transition of commodity capital markets towards the centres of physical production should ultimately improve the integrity of pricing. It also helps facilitate true globalisation, interdependence and cooperation among countries. Given that the financial crisis of ’08 was largely a crisis of liquidity, this benefits us all.

How did you end up joining Alkeon Capital Management?

I was an investor before I joined the firm. The team is one of the best in the business, the returns to investors have been excellent and the firm is run with the utmost ethics. We are a global growth equity, long/short fund with significant assets under management. I wanted to be in a place where I could use my knowledge of global capital markets – and Alkeon is a fantastic place to be as I am working with great people that I admire and trust. Google was criticised for an “expensive” acquisition of YouTube in 2006. Years later the phenomenal growth of that video platform, due to Google’s reach, has some analysts regretting that critique.