

## People

# The man behind CME boom growth

By William Gruber

LEO MELAMED, chairman of the Chicago Mercantile Exchange and a guiding force behind its spectacular growth in the last decade, confesses that he has a secret desire to write science fiction and spy novels.

"I've played a little bit with writing," he admits, "but I never tried to sell anything. Besides, I don't know where to find the time."

Melamed says about 75 per cent of his typical working day — which often runs 12 to 14 hours — is devoted to administrative duties at the city's second largest commodities exchange, a nonpaying job.

He also is a highly successful trader in commodities, but gets to spend only a few hours in the morning on the floor of the CME and its two divisions — the International Monetary Market and the newly created Associate Mercantile Market.

IN COMING WEEKS, he may even find it difficult to work in the few hours. Last week, the chairman of the Commodity Futures Trading Commission said a two or three-month investigation of the exchange's trading procedures would begin within days, preparatory to a ruling on the exchange's application to begin options trading in commodities.

"I'll trade in anything that I get an idea on, usually by charting the price movements," Melamed says. "It might be cattle, pork bellies, currency futures, gold, or Treasury bills."

He's traded in grain futures, too, at the rival Chicago Board of Trade, where he also owns a membership. As for the stock market, "I've never done very well with stocks."

All of Melamed's trading is for his own account. He is the founder and president of Dellsher Investment Co., Inc., named after a boat he and a former law partner once owned.

A LICENSE to practice before the Illinois Supreme Court hangs on a wall of his office, but Melamed never got an opportunity to make use of it during the 10 years he practiced law before deciding to become a full-time commodities trader in 1966.

Melamed, who was born in Poland, drove a taxicab and worked in the catalog warehouse of Montgomery Ward & Co. while attending John Marshall Law School.

When he was 9 his parents fled with him as the Nazis were bombarding their native town in 1939. They made their way through the Soviet Union to Vladivostok, and from there to Japan. In 1941, just before Pearl Harbor, they came to the United States.

He borrowed the \$3,000 needed to buy a seat on the exchange from his father, who couldn't

Leo Melamed:

*He launched vigorous effort to clean up the Mercantile Exchange's image.*



understand why he would give up a "respectable" career as a lawyer for something so risky. Today a CME membership costs about \$140,000.

ON BEING elected chairman of the exchange in 1969—and again by acclamation in 1970 and 1971—he launched a vigorous effort to clean up the CME's image as a free-wheeling market. He ordered a complete rewriting of its rule book and the creation of a Compliance and Audits Department to watch for trading abuses and discipline offenders.

At the same time, the exchange listed a number of new commodities for trading, including live cattle and pork bellies, which are now its most active markets.

Melamed boasts that the CME's share of the nation's commodities trading has climbed from 3 per cent to 23 per cent during the last decade, while national volume soared 500 per cent.

He also was a primary force behind the exchange's decision to build a new \$6 million home at Canal Street and Jackson Boulevard, which it moved into in 1972. At the same time, the CME created a new subsidiary to trade in currency and gold futures.

"MY BIGGEST mistake was in not planning a bigger building" Melamed now says. "We knew the International Monetary Market would grow, but we had no idea how much it would grow." Plans are now being completed for a 40 per cent extension, which will cost as much as the original structure.

Melamed, who served as chairman of the IMM for three years and was elected again to the top CME post this year, says he hasn't decided whether to accept it again for 1977 if he is nominated.

"I took it originally because I had a lot of spare time after giving up the law practice," he says. "It was exciting for the first few years, but it's become a drudgery. The job now is three times bigger than when I first started it."