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Melamed looking to start new chapter

The final book on Leo Melamed just might be written by Melamed himself. Writing is among his plans when he retires from his duties as the Chicago Mercantile Exchange (CME) executive committee chairman and special counsel at the end of 1990.

Melamed, 57, announced March 5 that he wants to have more time to write, trade and run his brokerage firm, Dellsher Investment Co. This is not the first time Melamed has hinted he was ready to step down, but events have gotten in the way: The stock market crash Oct. 19, 1987; the federal investigation of Chicago floor trading practices; the futures industry's need for a leader (and fighter) to keep the Securities and Exchange Commission (SEC) at bay over stock index futures regulation.

Despite aftershocks from all of these events, Melamed says he isn't swaying from this decision. He previously announced he would not continue as chairman of the National Futures Association, which he had headed since its inception in 1982.

"It's a different age, different time, different Leo," he says. "I've had it."

The announcement surprised the industry on the eve of the Futures Industry Association conference in Boca Raton, Fla. Commodity Futures Trading Commission (CFTC) Chairman Wendy Gramm says the industry will lose a great leader and innovator. Chicago Board of Trade Chairman Karsten "Cash" Mahlmann empathized with Melamed's need to regain his personal life.

But some are skeptical Melamed will be able to stay out of industry politics. There may be good reason.

Melamed told an audience in Boca Raton "our love affair will not end." He also said people in the industry represent the most "honest, smart, resilient, reasonable, alert, vigilant and tough" group he's ever known. "If you fail, I'll be around to tell you so, for my blood runs in your veins."

IMM genesis

In his speech, he shared some of his experiences, such as walking into the office of Treasury Secretary George Schultz with trepidation to present his idea for trading futures on currencies, only to be told by Schultz, "If it works with Milton Friedman, it works with me."

On Oct. 19, 1987, Melamed said, he returned to his office late at night to find messages from Beryl Sprinkel, Sen. Donald Riegle Jr., then-SEC Chairman David Ruder and Federal Reserve Chairman Alan Greenspan.

"(The industry) had arrived," he recalled thinking, "but I really didn't want to arrive that way, that night."

Privately, Melamed says he relishes the thought of retiring to write about the industry as he saw it develop.

Melamed also could stay in the spotlight through politics. He says he had always had a desire to be in politics, but working in the field earlier in life cooled that desire. Though "not ruling it out," he says those aspirations are not a priority.

Melamed, who spent 23 years as leader of the CME, was one of the "Young Turks" who replaced the "old guard" and helped modernize an exchange that had been bound to agricultural products. Melamed pushed for new products: gold, currency, interest rate and stock index futures. He pushed for a new exchange building.

Final goals

He pushed for the development of an after-hours automated trading system, GLOBEX. And he devised a way the floor membership could live with the possibility of an off-floor exchange that, at some point, could put pit traders out of their jobs.

Melamed says his priority during his final months at the CME will be launching GLOBEX and getting it to run smoothly. He also has set as a priority the operation of GLOBEX in Japan because that nation is critical to GLOBEX's speed of success.

He also wants to ensure that jurisdictional squabbles, such as the current one over stock index futures between the CFTC and the SEC, are ironed out before his retirement. As the point man in fighting against the securities industry and its criticism of stock index futures after the crash, Melamed has never been known as one to walk away from a fight when the best interests of the futures industry are at stake.

Ginger Szala

After 23 years as a leader at the CME, Leo Melamed says he's serious about retiring so he can devote more time to writing, trading and running his brokerage firm.

