

Melamed Predicts Japan Will Allow Globex Terminals

Knights-Ridder Financial

TOKYO — Japan's Ministry of Finance appears to be making slow but steady progress toward allowing Globex terminals into this country, Leo Melamed, executive chairman of the Chicago Mercantile Exchange said here Monday.

Globex is the CME's planned electronic trading system designed to link traders around the world when trading hours end on the Chicago exchange.

"Things are still moving slowly, and while they're constructive, we will not be completely satisfied until there is complete approval of Globex," said Mr. Melamed, speaking at a CME symposium.

"Our hopes are that that will happen, and will happen soon," he added.

Mr. Melamed said he would be meeting with ministry officials in Tokyo this week for an "update" and was not aware of any specific stumbling block to approval. The ministry has kept up a steady stream of questions on the CME's application for approval of Globex

terminals, and the questions have become gradually more specific, he said.

"We hope the process is coming to an end," he said.

John Geldermann, CME chairman, said there had been some "encouraging signals" in the past couple of months.

Japanese exchanges, such as the Tokyo International Financial Futures Exchange and the Osaka Securities Exchange, appear to be waiting for the ministry to make the first move before taking steps toward participating in Globex, he said. Exchanges around the world have been invited to list their futures and options instruments for electronic trading, he said.

"Both of those markets show an interest and are basically waiting for approval from the Ministry of Finance. Until that time I think it really serves the best purposes to adopt a wait-and-see attitude," he said.

Mr. Melamed said the new trading system, scheduled to be operational by the middle of this year, will be thoroughly tested before then. Mr. Geldermann explained that the tests will begin in May and continue about a month before a firm date can be set for the Globex launch.

Globex will initially link CME members in Chicago, New York and London, and 260 terminals have been ordered so far in those cities, Mr. Melamed said. Other centers will be included later.

Initially, Globex will be used for trading the CME's currency and Eurodollar futures and options contracts, but other contracts will be added later, said William Brodsky, CME president.

Mr. Melamed said negotiations with the Chicago Board of Trade aimed at merging Globex with the CBT's alternative Aurora trading system are reaching an important stage and progressing better than expected.