

# Clearing issue revamps panel of Merc, CBOT

By Greg Burns

Financial Markets Writer

Leo Melamed has stepped down from co-chairmanship of a Chicago Mercantile Exchange-Chicago Board of Trade committee amid signs that progress has slowed on the key issue of unified clearing.

The common goals committee, formed a year ago to encourage efficiencies between the exchanges, is now focusing on steps that stop short of merging the exchanges' two separate clearing entities, according to its new co-chairman, Jack Sandner.

"We were not moving ahead on unified clearing," said Sandner, the Merc's chairman, who now heads the committee along with his counterpart at the Board of Trade, William O'Connor. "We don't have enough time in the day to do unified clearing if everybody isn't rushing to the altar."

The reluctant bride is said to be the Board of Trade Clearing Corp. But its chairman, Thomas Neal, isn't ruling out an eventual combination of his clearing organization with the Merc's. "We are still working on sorting it all out," Neal said. "We are going to make every attempt . . . to do the right thing."

For now, a cautious approach makes sense, he said. "It would be easy to put it together and then deal with the problems."

In the meantime, both Neal and Sandner say the committee has made progress on standardizing

documents such as out-trade sheets and trade registers, and adopting new procedures that would simplify banking for clearing members. Sandner also said common margining and settlement procedures are being considered.

"Common clearing is a tremendously complex effort," Sandner said. The committee's new approach is, "Let's get some things done we can do quickly," he said.

As for the restructuring of committee leadership, some industry experts believe it reflects an attempt by Melamed to distance himself from common goals.

But Melamed denies that notion, saying his decision to step down as co-chairman is based on his recent retirement from the Merc posts of special counsel and executive committee chairman, as well as Sandner's election as Merc chairman in January. Melamed will continue serving on the committee, and he said common clearing remains one of its "primary" goals. "There's still a good chance it will happen," he said.

Among other goals established

when the exchanges formed the committee last September, the most visible progress is in technology. Both exchanges are working together on a handheld electronic trading terminal known as AUDIT that's scheduled to make its trading-pit debut in about a month. And they're both committed to Globex, an electronic trading system that appears headed for a launch next spring.

Both exchanges also say they're still wedded to sharing international marketing costs and combining overseas offices, though lease commitments are preventing quick action. Another possible goal discussed by Board of Trade Chairman O'Connor during his election campaign last year—sharing the Merc's unused upper trading floor—has been dismissed as unworkable, exchange sources say. O'Connor couldn't be reached for comment.



Leo Melamed  
Stepping down